勝宏科技（惠州）股份有限公司

Victory Giant Technology (HuiZhou) Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2476

2026
Interim Report

CONTENTS

DEFINITIONS

Terms	Meanings
VGT, the Company	Victory Giant Technology (HuiZhou) Co., Ltd.
the Group	the Company and its subsidiaries
PRC or China	the People's Republic of China, which for the purposes of this report, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan region
Hong Kong	the Hong Kong Special Administrative Region of the PRC
CSRC	China Securities Regulatory Commission
SZSE	the Shenzhen Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Share(s)	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, listed on the ChiNext Market of the SZSE and traded in RMB (Stock Code: 300476)
H Share(s)	the foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (Stock Code: 2476)
Board or Board of Directors	the board of directors of the Company
Director(s)	the directors of the Company
Listing Date	April 21, 2026, being the date on which the H Shares of the Company first became listed and commenced trading on the Main Board of the Stock Exchange
Prospectus	the H Share prospectus of the Company dated April 13, 2026
Global Offering	the global offering of the Company's H Shares, details of which are set forth in the Prospectus

DEFINITIONS

Terms	Meanings
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Articles of Association	the Articles of Association of Victory Giant Technology (HuiZhou) Co., Ltd., as amended from time to time
China Accounting Standards for Business Enterprises	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and other relevant provisions
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
the Period under Review, the Reporting Period	the six months ended June 30, 2026
the corresponding period of last year	the six months ended June 30, 2025
RMB or Renminbi	Renminbi, the lawful currency of the PRC
HK$ or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
U.S. dollar(s) or US$ or USD	United States dollars, the lawful currency of the United States of America
MFS Group	MFS Technology (S) Pte Ltd and its subsidiaries

DEFINITIONS

Terms	Meanings
2022 Restricted A Share Incentive Scheme	the restricted A share incentive scheme adopted by the shareholders of the Company in 2022
2026 Restricted A Share Incentive Scheme	the 2026 Restricted A Share Incentive Scheme proposed to be adopted by the Board on July 20, 2026
2026 First Tranche A Share Employee Share Ownership Plan	the 2026 First Tranche A Share Employee Share Ownership Plan proposed to be adopted by the Board on July 20, 2026
PCB	Printed Circuit Board (印製電路板)
FPC	Flexible Printed Circuit (柔性印製電路板)
HDI	High Density Interconnect (高密度互連印製電路板)
mSAP	modified Semi-Additive Process (改良型半加成法)
PCT	Patent Cooperation Treaty (《專利合作條約》)
Prismark	Prismark Partners LLC, a PCB industry research institution
CPCA	China Printed Circuit Association (中國電子電路行業協會)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Tao (陳濤) *(Chairman)*
Mr. Zhao Qixiang (趙啟祥)
Mr. Chen Yong (陳勇)
Ms. Wang Haiyan (王海燕)
Ms. Liu Chunlan (劉春蘭) *(re-designated from a non-executive Director to an executive Director on August 27, 2026)*

Independent Non-executive Directors

Mr. Xie Lanjun (謝蘭軍)
Dr. Xie Lingmin (謝玲敏)
Dr. Zhang Jihai (張繼海)
Mr. Wong Ting Chung (王庭聰)

STRATEGY AND INVESTMENT COMMITTEE

Mr. Chen Tao *(Chairman)*
Mr. Zhao Qixiang
Dr. Zhang Jihai

AUDIT COMMITTEE

Dr. Xie Lingmin *(Chairman)*
Mr. Xie Lanjun
Dr. Zhang Jihai

REMUNERATION AND APPRAISAL COMMITTEE

Dr. Zhang Jihai *(Chairman)*
Mr. Xie Lanjun
Mr. Zhao Qixiang

NOMINATION COMMITTEE

Mr. Xie Lanjun *(Chairman)*
Dr. Xie Lingmin
Mr. Chen Tao

JOINT COMPANY SECRETARIES

Ms. Zhu Xiyao (朱溪瑤)
Ms. Lin Sio Ngo (練少娥)

AUTHORIZED REPRESENTATIVES

Mr. Zhao Qixiang
Ms. Lin Sio Ngo

AUDITOR

BDO China Shu Lun Pan Certified Public Accountants LLP
4th Floor
No. 61 Nanjing East Road
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PRC

HONG KONG LEGAL ADVISER

Jun He Law Offices
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1 Connaught Road Central
Central
Hong Kong

PRC LEGAL ADVISER

JunHe LLP
26/F, HKRI Centre One
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai
PRC

COMPLIANCE ADVISER

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANK

Industrial Bank Co., Ltd., Huizhou Branch

REGISTERED OFFICE

Hangcheng Technology Park,
Xinqiao Village, Danshui Town,
Huiyang District,
Huizhou,
Guangdong Province,
PRC

PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre,
248 Queen's Road East, Wanchai,
Hong Kong

CUSTODIAN OF A SHARES

China Securities Depository and Clearing Corporation Limited Shenzhen Branch
25th Floor, Shenzhen Stock Exchange Plaza,
No. 2012, Shennan Avenue,
Lianhua Street,
Futian District,
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PRC

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Computershare Hong Kong Investor Services Limited
Shops 1712–1716,
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Hong Kong

WEBSITE OF THE COMPANY

www.shpcb.com

STOCK CODE

Shenzhen Stock Exchange: 300476
The Stock Exchange of Hong Kong Limited: 2476

RESULTS

For the six months ended June 30, 2026

	As at June 30, 2026	As at June 30, 2025	Increase/decrease for the Period under Review as compared with the corresponding period of last year
Operating income (RMB)	**11,629,367,290.81**	9,030,866,364.08	28.77%
Net profit attributable to shareholders of listed company (RMB)	**2,856,778,938.24**	2,143,119,809.25	33.30%
Net profit after extraordinary gains or losses attributable to shareholders of listed company (RMB)	**2,417,800,485.07**	2,149,171,483.32	12.50%
Net cash flows from operating activities (RMB)	**2,911,175,283.00**	1,190,126,115.24	144.61%
Basic earnings per share (RMB/share)	**3.14**	2.50	25.60%
Diluted earnings per share (RMB/share)	**3.14**	2.50	25.60%
Weighted average return on net assets	**11.80%**	21.48%	-9.68%

	As at June 30, 2026	As at December 31, 2025	Increase/decrease at the end of the Period under Review as compared with the end of last year
Total assets (RMB)	**63,029,299,666.89**	35,244,486,987.89	78.83%
Net assets attributable to shareholders of listed company (RMB)	**37,909,298,921.27**	16,617,608,443.57	128.13%

The Company is a company established in the People's Republic of China (the "PRC") on July 28, 2006. The Company's A shares were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300476) from June 11, 2015, and its H shares were listed on the Main Board of the Stock Exchange (stock code: 2476) from April 21, 2026.

This report has been prepared in accordance with the China Accounting Standards for Business Enterprises. In light of the substantial convergence between the financial statements prepared under the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, the Company has considered and approved the Resolution on the Unified Adoption of the China Accounting Standards for Business Enterprises for the Preparation of Financial Reports at the sixteenth meeting of the fifth session of the Board held on June 12, 2026. The Company adopted the China Accounting Standards for Business Enterprises in a unified manner for the preparation of financial statements and disclosure of relevant financial information commencing from 2026, which will not have any material impact on the Company's results of operations or financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD

1. Industry Classification of the Company

The industry in which the Company operates is the printed circuit board (PCB) manufacturing industry. According to the Industrial Classification for National Economic Activities (《國民經濟行業分類(GB/T4754-2017)》), the Company's industry is classified as "Electronic Circuit Manufacturing (Industry Code C3982)" under "Manufacturing of Electronic Components and Special Electronic Materials". According to the Guidelines for the Industry Classification of Listed Companies (《上市公司行業分類指引》) (revised in 2012) issued by the China Securities Regulatory Commission (CSRC), the Company's main business belongs to the "Computer, Communication and Other Electronic Equipment Manufacturing Industry", with the industry code C39.

2. Development Status of the Industry

PCB, also known as printed circuit board, refers to a printed board manufactured using electronic printing techniques to form interconnections and printed components on a general-purpose substrate according to a predetermined design. It is widely used in big data centers, artificial intelligence, next-generation communication technologies, the industrial interconnection, new energy, automotive electronics (new energy), medical instruments, computers, aerospace, and other fields. It plays an irreplaceable role in the entire electronics industry and is hailed as the "mother of electronic products".

(1) Market Size

Driven by continued growth in downstream PCB applications such as artificial intelligence, data centers, and high-speed networks, global demand for PCBs is generally on the rise. According to data from Prismark, the global PCB market was valued at US$85.836 billion in 2025, representing a year-on-year increase of 16.7%; the global PCB market size is expected to reach US$144.610 billion by 2030, with an estimated compound annual growth rate (CAGR) of 11% from 2025 to 2030. Specifically, the PCB output value in Chinese mainland was US$49.652 billion in 2025, and the PCB market size is expected to reach US$81.764 billion by 2030, with an estimated CAGR of 10.5% from 2025 to 2030.

(2) Output Value Distribution

The PCB industry is widely distributed globally, with developed countries such as the United States, Europe, and Japan having gotten an early start. Prior to 2000, more than 70% of the global PCB output value was distributed in regions such as the Americas (primarily North America), Europe, and Japan. Over the past two decades, driven by the advantages of Asia – particularly Chinese mainland and Southeast Asia – in terms of labor, resources, policies, and industrial clusters, global electronics manufacturing capacity has shifted to Asian regions such as Chinese mainland and Southeast Asia, resulting in a new landscape for the PCB industry with Asia as its manufacturing hub. Since 2006, China has surpassed Japan to become the world's largest PCB producing country, ranking first globally in both PCB output and output value.

Forecast of CAGR of Global PCB Output Value for 2025–2030 (by Region)

Unit: US$ million

Type/Year	2000	2025E	2026F	2030F	2026F/2025E	2025–2030F CAGR
Americas	10,852	3,796	4,159	5,081	9.6%	6.0%
Europe	6,702	1,774	2,094	2,496	18.0%	7.1%
Japan	11,924	6,499	7,747	10,507	19.2%	10.1%
Chinese mainland	3,368	49,652	58,781	81,746	18.4%	10.5%
Asia (excluding Chinese mainland and Japan)	8,724	24,115	29,173	44,781	21.0%	13.2%
Total	41,570	85,836	101,954	144,611	18.8%	11.0%

(3) *Product Structure*

The product structure of the global PCB market continuously evolves towards the high-end. The booming development of the artificial intelligence industry and the continuous advancement of global AI computing infrastructure drive the rapid release of demand for high-value-added products such as high multi-layer boards, HDI, and packaging substrates. According to Prismark, in 2025, the global HDI output value was US$16.197 billion, representing a year-on-year increase of 29.4%; the global multilayer board output value was US$40.330 billion, representing a year-on-year increase of 19.3%.

Forecast of CAGR of Global PCB Output Value for 2025–2030 (by Product Category)

Unit: US$ million

Type/Year	2025E	2026F	2030F	2026F/2025E	2025–2030F CAGR
Single-sided and double-sided boards	8,440	8,806	10,344	4.3%	4.2%
Multilayer boards	33,405	40,330	58,563	20.7%	11.9%
HDI	16,197	19,923	30,010	23.0%	13.1%
Package substrate	14,891	19,180	29,610	28.8%	14.7%
Flexible board	12,903	13,714	16,083	6.3%	4.5%
Total	85,836	101,954	144,610	18.8%	11.0%

With the rise of the AI industrial revolution, computing hardware has become the core growth mainline of the PCB industry. In 2025, the global AI server-related PCB market size has reached US$16 billion. In the next five years, guided by artificial intelligence, the demand from downstream industries such as servers/data storage, network communication, and automotive electronics will continue to grow, continuously driving the high-speed growth of high-layer-count boards and HDI boards. The structural growth characteristics of the PCB industry are prominent, and high multi-layer PCBs with over 22 layers facing AI computing power and high-build-up HDI products will become important driving forces for industry growth.

(4) Industry Landscape

Currently, the industry as a whole presents significant characteristics of structural differentiation. On the one hand, along with the continuous upgrading of downstream products such as AI servers, data center switches, and optical modules, technologies in the PCB industry are iterating rapidly, and the increases in the number of layers, build-up, thickness, and line density have substantially raised the requirements for current PCB manufacturing processes, leaving the supply of high-end PCBs continuously in a tight state. On the other hand, affected by the price fluctuations of bulk commodities and the capacity squeeze effect, the raw material costs for mid-to-low-end products have escalated, putting phased pressure on the profit margins of relevant PCBs. Enterprises within the industry have successively optimized their business strategies, reallocating resources such as capital, production capacity, research and development, and talent towards high-value fields, concentrating on the layout of high-end production capacity, overcoming core technologies, and focusing on high-quality customer resources. The industry continues to gather towards leading enterprises possessing comprehensive advantages, and the competitive landscape of structural differentiation and the strong getting stronger is becoming increasingly clear.

3. Industry Development Policies

The printed circuit board industry is an important cornerstone supporting the development of information technology, as well as one of the key factors for ensuring the security and stability of industrial chain supply, and is a key industry supported and encouraged by national policies. The Ministry of Industry and Information Technology issued the Action Plan for the Development of the Basic Electronic Components Industry (2021–2023) (《基礎電子元器件產業發展行動計劃(2021–2023年)》), which included “connecting components: high-frequency and high-speed, high-layer-count and high-density printed circuit boards, integrated circuit packaging substrates, and special printed circuit boards” into the high-end upgrade action for key products, so as to promote breakthroughs in the basic electronic component industry and accelerate the development of the printed circuit board industry in key markets such as smart terminals, next-generation communication technology, industrial Internet, data centers, and new energy vehicles. Made in China 2025 explicitly requires strengthening industrial basic capabilities, focusing on resolving key common technologies that affect the product performance and stability of core basic parts (components), and promoting the industrial upgrading and strategic adjustment of the PCB industry. At the same time, the state guides and supports the development of fields such as next-generation communication technology and new energy vehicles by issuing a series of industrial policy documents including the Development Plan for the New Energy Vehicle Industry (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》), the Action Plan for the Coordinated Development of “Dual Gigabit” Networks (2021–2023) (《“雙千兆”網路協同發展行動計劃(2021–2023年)》), and the Action Plan for “Set Sail” 5G Application (2021–2023) (《5G應用“揚帆”行動計劃(2021–2023年)》), providing broad growth space for the development of the PCB industry.

4. The Company's Industry Position

The Company has focused on and deeply engaged in the PCB industry for more than 20 years, possessing rich industry experience and profound technological accumulation. It is a vice-chairman unit of the China Printed Circuit Association (CPCA) and one of the drafters of industry standards; the Company has been shortlisted for many consecutive years in the ranking of top 100 global PCB manufacturing enterprises released by N.T. Information Ltd, a well-known global PCB market research institution. It is a national high-tech enterprise, a national intellectual property advantage enterprise, an intellectual property demonstration enterprise in Guangdong Province, and an innovative enterprise in Guangdong Province. It possesses engineering technology research and development centers at the provincial, municipal, and district levels, as well as provincial and municipal enterprise technology centers, demonstrating robust scientific research strength. According to Prismark data, in 2025, the Company ranked seventh among global PCB suppliers and fourth among domestic PCB manufacturers in Chinese mainland.

After more than 30 years of industry accumulation, the Company's MFS Group possesses multiple independently developed key core technologies in the PCB field, and has become one of the manufacturers in the industry capable of supplying FPC products with stable quality and excellent performance on a large scale. Relying on excellent product quality and service quality, it has established long-term cooperative relationships with many internationally renowned customers. According to the Revenue Ranking of Major Enterprises in China's Electronic Circuit Industry for the 22nd Session (2023) promulgated by CPCA, Hunan Weisheng Technology Co., Ltd. ranks 38th among comprehensive PCB enterprises.

PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business and Products

The Company specializes in the R&D, production and sales of high-density printed circuit boards. The Company's main products cover a full range of rigid printed circuit boards (with a focus on multilayer and HDI boards) and flexible printed circuit boards (including single-sided and double-sided, multilayer, and rigid-flex boards), which are widely used in fields such as artificial intelligence, automotive electronics (new energy), next-generation communication technologies, big data centers, the industrial interconnection, medical instruments, computers, and aerospace.

(II) Main Business Model

1. R&D Model: Technology-Led, Innovation-Driven

a. The Company is implementing a forward-looking technology strategy centered on the core technology roadmap of "GPUs and CPUs". We are closely monitoring cutting-edge fields such as artificial intelligence, AI servers, AI computing cards, AI phones, AIPCs, intelligent driving, new energy vehicles, and next-generation communication technologies. We are tackling cutting-edge technical challenges – including PCIe 6, the Oak Stream platform, 800G/1.6T high-speed transmission equipment, and 10mm-thick boards for chip testing – and proactively building up technology reserves across multiple dimensions, including materials, design, and process technologies. We conduct technological innovation and product research and development with market demand as our primary guide. Adhering to the marketing strategy of "Technology-Driven Marketing, Winning with Quality", we proactively take on challenging new products and projects to increase customer stickiness.

b. The Company efficiently integrates its resources, fully leverages the expertise of its professional technical staff and industry experts, and, relying on first-class production equipment and industry-leading laboratories, conducts in-depth technical research and development. As a result, it has successfully secured a leading technological position in emerging fields such as AI, continuously enhanced its core competitiveness, and established itself as an industry leader.

c. To further enhance R&D effectiveness, the Company continuously refines its R&D management systems and operational mechanisms. By introducing advanced project management concepts and methods, it improves the standardization and precision of project management, ensuring the efficient operation of new product development processes at the institutional level and comprehensively boosting R&D efficiency.

d. The Company actively encourages research, development, and innovation, and vigorously promotes the protection of intellectual property. Leveraging the strengths developed through research, development, and innovation, as well as our accumulated technological expertise, we take the lead in patent portfolio development, establish a comprehensive intellectual property protection system, and promote the industrial application of patented technologies at the appropriate time to maximize their value.

2. *Procurement Model: System-Driven Support, Cost Optimization*

The Company's procurement center comprehensively coordinates the procurement of raw materials and equipment. Its core functions include establishing a supplier management system, developing procurement processes and policies, strictly overseeing the procurement process, and implementing cost control strategies. At the same time, by utilizing risk identification techniques to implement comprehensive risk management throughout the entire procurement process, we have established a robust risk control system. The procurement center has leveraged ERP and SRM systems to build an open and transparent digital procurement platform, thereby standardizing and streamlining the procurement process. The procurement team closely monitors real-time changes in the supply chain market and deeply integrates them with customer product requirements to develop a multi-layer procurement control plan that is both scientific and flexible, ensuring that procurement activities precisely align with the Company's production and operational needs. The procurement department conducts in-depth analyses of the factors affecting the competitiveness within the industry's supply chain, continuously innovates procurement strategies, strengthens its own procurement competitiveness, strives to build long-term procurement advantages for the Company, continuously optimizes procurement costs, ensures the timeliness and stability of material supply, and contributes to improving the Company's economic benefits.

3. *Production Model: Precise Positioning, Efficient Delivery*

Different types of electronic products have differentiated requirements for the engineering design, electrical performance, and quality standards of electronic components. The product characteristics of different customers also vary significantly. In particular, some major customers have extremely extensive product lines. Based on such characteristic, and combining the technical strengths of each production line, the Company has divided its production units into Multi-Layer Business (MLB) Divisions (Division 2, Vehicle Business Division and Division 5), the High-Layer-Count (HLC) Business Division (Divisions 1, 6, and 7), and the HDI Business Division (HDI Division 1, HDI Division 2, and mSAP Division 1). Each production unit has a clear positioning in the product domain, and the diverse product lines can meet the production requirements of different orders from various perspectives. As all production units are located within the same industrial park, talent and technical support among the units are strongly guaranteed, which also substantially compresses the time for preliminary customer introduction and certification, being highly consistent with the development strategy of the Company. Upon receiving a customer order, the Company's various functional departments leverage the well-established internal ERP and MES systems to quickly and accurately formulate production schedules. At the same time, they methodically prepare the necessary materials, tools, and equipment, and make personnel arrangements in preparation for production. Through this highly efficient operational mechanism, the Company is able to deliver high-quality products with high efficiency, fully satisfying customer needs in all aspects.

4. *Sales Model: Global Footprint, Value-added Services*

a. The widespread adoption of AI has further intensified global industrial competition and driven rapid technological iteration, propelling the PCB industry into a new phase of profound transformation. To build core competitiveness in an intensely competitive market and better serve global customers, particularly leading international major customers, the Company closely follows the development trend of cutting-edge technologies such as AI, establishes a four-in-one 4S service matrix of Sales, CS (Customer Service), QS (Quality System), and TS (Technical Support), and establishes a closed-loop service system covering the entire customer value chain. The 4S special team provides full-chain one-stop comprehensive services focusing on four core dimensions: deep cultivation of customer relationships, output of customized technical solutions, empowerment of commercial value, and ultimate guarantee of delivery quality. It provides escort for the entire process through key nodes from the introduction and implementation of new project NPI to the long-term stable quality control after mass production, practically enhances the customer cooperation experience, and continuously stabilizes the source of high-quality and high-end orders.

b. In line with global supply trends toward regionalization, nearshoring, and localization, the Company is actively expanding its global footprint by establishing branches, subsidiaries, and offices in the United States, Singapore, Japan, Europe, Malaysia, South Korea, Thailand, Vietnam, and other locations, and sets up professional technical service teams to provide customers with global sales services and technical support. Through the establishment of a localized service network, it satisfies the diversified needs of customers, creates excellent customer experience, further enhances customer satisfaction, and strengthens the Company's influence in the international market.

III. CORE COMPETITIVENESS ANALYSIS

Firmly uphold the core development philosophy of "Embracing AI, Striving Towards the Future", adhere to innovation-driven development, implement the "Three Major Strategies", advance the "Four Innovations", and deeply root in corporate culture.

(I) Implementing the "Three Major Strategies"

1. Smart Factory

The smart factory represents a new stage in the development of modern factory informatization and is also an inevitable product of the Industrial Internet era. The Company took the lead in achieving breakthroughs in the industry, and is a PCB enterprise that was among the first to build a next-generation smart factory, with production capacity and quality significantly enhanced and per-capita output value repeatedly hitting new highs.

After years of continuous investment and construction, the digital transformation of the Company has achieved remarkable results. An agile development and delivery platform base has been built on top of the cloud-based data center; a "grand synergy and sharing (大協同共用)" platform has been built around shared resources such as personnel, finance and industrial parks, with efficient, secure and standardized operations and management, bringing "execution capability" into full play; based on the dual-wheel model of R&D and engineering, and integrating the AI large model, an "online collaborative design verification platform" has been realized, efficiently guaranteeing high-quality delivery. The MES+QMS+EAP+ERP+APS+WMS+SRM manufacturing supply chain platform, built around the end-to-end management of the manufacturing process and supply chain, comprehensively controls the equipment layer, control layer, management layer and enterprise layer, greatly shortens the product production cycle, effectively reduces production and operation costs, and gradually realizes a digital factory with connected planning, interconnected equipment, visible processes, controllable quality and full-process visibility.

Based on the leading advantages in the PCB industry, the Company is committed to advancing the systematicness of data decision-making, and has established a company-level data warehouse and BI system to empower efficient decision-making capability, safeguarding the high-quality development of the Company; at the same time, based on the development strategy of "green and intelligent", it continuously iterates related system platforms such as hazardous waste environmental monitoring and AI quality inspection, realizing the integration and sharing of man, machine, material, method and environment, and advances AI application in three phases: foundation building in 2026, scale expansion in 2027, and deep cultivation in 2028, builds the AI platform, implements application scenarios, empowers full-link quality improvement, cost reduction and efficiency enhancement with AI, and creates an industry benchmark of "AI+PCB".

2. *Green Manufacturing*

The Company adheres to the concept of green development and strictly complies with relevant national and local laws and regulations in the fields of energy conservation, environmental protection, recycling, clean production, and low carbon. Taking green manufacturing as the starting point and green development as the goal, the Company promotes corporate green transformation and upgrading through digital, systematic, and international means, building a closed-loop management system covering all elements of "energy, water, waste, and carbon emissions". It is committed to becoming a standard definer and value creator of green manufacturing in the global PCB industry.

As one of the first batch of "National Green Factories" awarded by the Ministry of Industry and Information Technology in the industry, the Company continues to lead the direction of green transformation in the industry, and has been awarded honors such as "Guangdong Clean Production Enterprise", "Hong Kong-Guangdong Cleaner Production Partner (Excellence Group)", and "Guangdong Advanced Energy Conservation Collective". Since its listing in 2015, the Company has continuously increased its investment in energy-saving technological transformation, achieving energy efficiency improvement through the introduction of magnetic levitation chillers, high-pressure centrifugal energy-saving air compressors, and energy-saving transformation of cooling towers and cooling pumps; deploying waste heat recovery systems for air compressors; gradually increasing the proportion of renewable energy across the entire plant area through self-built distributed photovoltaics, PPA green electricity, and GEC green certificate trading; and building an enterprise-level energy management center to achieve smart energy management. The Company took the lead in the industry in passing the SBTi science-based carbon target certification, and has obtained certifications including ISO 14064 international standard for greenhouse gas management, ISO 50001 energy management system, AWS international sustainable water management Gold level, and UL 2799 zero waste to landfill Platinum level, actively constructing an industry-leading efficient, clean, low-carbon and circular green manufacturing system, and striving to build a "Green" VGT.

The Company will forge ahead on the path of green manufacturing, continuously implement green manufacturing projects such as energy conservation and emission reduction as well as sustainable water management, build an industry green manufacturing benchmark, and influence and drive the industry and the upstream and downstream industrial chains to jointly advance green development.

3. *Advanced Technology, Premium Quality and High-standard Services*

Relying on high technology, high quality and high-quality services, the industry status of the Company continues to rise. Horizontal integration of the PCB industry, full product category coverage of PCB (PTH, HDI, FPC, Rigid-Flex, FPCA, PCBA, etc.); the Company possesses technical capabilities for high-layer-count PCBs with over 100 layers and 16-layer Any-layer HDI, and has successfully mastered the core manufacturing processes for 30-layer HDIs with a 10+10+10 build-up and 36-layer HDIs with a 14+8+14 build-up, taking its high-end and high-build-up PCB process capabilities to a new level; it actively advances the implementation of technologies including copper paste sintering for PCBs with over 70 layers, high-build-up HDI featuring vertical power delivery and embedded capacitance, and CoWoP advanced packaging substrates, to meet the mass production demand for high-build-up PCBs in the AI computing server and high-end telecommunications sectors; the global market shares of the Company's AI computing cards, AI Data Center UBB & switches are world-leading.

The Company is a vice chairman unit of CPCA and one of the drafters of industry standards. It has ranked among the top of the "Top 100 China PCB List" and "Top 100 Global PCB List" for many consecutive years, and was selected into the Top 500 Manufacturing Enterprises in Guangdong Province in 2025 (ranking 53rd). Its high-density multi-layer VGA (graphics card) PCB and AI computing printed circuit board won the title of Manufacturing Single Item Champion in Guangdong Province.

VGT always regards "quality" and "safety" as the lifeline of the enterprise. Passing multiple quality system certifications including CQC, IATF 16949, ISO 9001, RoHS, QC 080000, ISO 14001, AS9100, and ISO 22301, the management system is sound and runs in an orderly manner, realizing stable and controllable product quality; it strictly implements the six major guarantees of "ideology, organization, inspection, economy, system, and mechanism" from top to bottom, ensuring safe production in all aspects.

Along with the rapid growth of the Company's business, in order to enhance customer service quality, the Company has established offices in multiple countries and regions. Leveraging solid professional knowledge and high-level services, the business team accurately and quickly captures customer needs, establishes and maintains long-term good cooperative relationships with many well-known global brands, promptly adjusts the customer structure and product structure according to market demand, and vigorously expands products in AI computing power, high-end servers, new energy, new energy vehicles, optical transmission, base station communications, and metaverse categories, further increasing the share of high-end products in the Company and its market share.

(II) Advancing the "Four Innovations"

1. *Concept Innovation*

Adhering to the concept of "how far your thoughts can reach is how far you can go", the Company keeps a close eye on the industry frontier, focuses on the two "cores" of GPU and CPU, conducts technical tackling in advance, actively lays out in emerging product fields, and seizes the opportunities of AI development. To comply with the internationalization development trend, it rapidly lays out overseas manufacturing bases, substantially enhancing the core competitiveness of the enterprise.

2. *Technological Innovation*

Since the Company first obtained the GB/T29490–2013 intellectual property management system certification in 2015, it successfully upgraded to and obtained the certification of GB/T29490–2023 "Requirements for Intellectual Property Compliance Management System" in 2024, achieving a smooth transition of the standard. It possesses provincial engineering research and development centers and enterprise technology centers. The Company (including subsidiaries) possesses more than 2,000 professional R&D personnel with strong scientific research strength, and possesses 383 valid patents in the circuit board field, including 194 invention patents (including 3 PCTs and 5 authorized abroad) and 189 utility model patents (including 3 overseas); 20 domestic software copyrights, and a total of 95 R&D projects with continuous investment. The Company has been successively rated as "National High-Tech Enterprise", "National Intellectual Property Advantage

Enterprise", "Guangdong Provincial Intellectual Property Demonstration Enterprise", "Guangdong Provincial Benchmark Enterprise for Independent Innovation", and "Outstanding Enterprise of the Fifth China Electronic Circuit Industry", and won the 20th to 23rd China Patent Excellence Awards; a total of 45 products have been rated as Guangdong Provincial High-Tech Products, of which 16 are renowned and high-quality high-tech products; and obtained 7 municipal-level scientific and technological achievement registrations. In 2023, the Company was selected into the first batch of trademark brand list for the "1,000 Enterprises and 100 Cities" trademark brand value enhancement action, won the 2023 Guangdong Provincial Manufacturing Single Item Champion, and the "Victory Giant Technology (勝宏科技)" word trademark was selected into the 2023 Guangdong Provincial Key Trademark Protection List.

Hunan Weisheng Technology Circuit Board Co., Ltd., Yiyang Weisheng Technology Co., Ltd., and Hunan Weisheng Technology Co., Ltd. are all high-tech enterprises in Hunan Province; Hunan Weisheng Technology Circuit Board Co., Ltd. has been awarded the titles of specialized, refined, distinctive, and innovative "Little Giant" at both the national and Hunan provincial levels; Yiyang Weisheng Technology Co., Ltd. has been awarded the titles of specialized, refined, distinctive, and innovative "Little Giant" in Hunan Province and Hunan Provincial Model Workshop for Intelligent Manufacturing (湖南省智能製造標杆車間); Hunan Weisheng Technology Co., Ltd. has been rated as Hunan Provincial Engineering Research Center, Provincial-Level Enterprise Technology Center, and Changsha Municipal Technology Innovation Center, and has been recognized by the Ministry of Industry and Information Technology as a model application scenario for smart manufacturing.

3. *Talent innovation*

The Company has always centered on the overall thought of "building a platform to attract talent and strengthening our foundations (築巢引鳳、固本強基)", adhered to strategic guidance, and carried out talent cultivation work through a combination of internal training and external introduction, using talent innovation to boost the implementation of concept, technology and capital innovation, and escorting the high-quality development of the enterprise. In the first half of 2026, the Company externally introduced 328 professional management and technical talents; continuously deepened school-enterprise cooperation, established cooperative relationships with more than ten colleges and universities and higher education institutions, and reserved front-line technical employees in batches. The cadre training center continuously implemented the "Hongxing Plan" and Hong-series cadre cultivation projects. In the first half of 2026, a total of 543 fresh graduates with a bachelor's degree or above were introduced for cultivation as reserve cadres. In addition, 10 PhDs were introduced to accumulate strength for the future development of the enterprise. At present, the cadre training center has accumulated empowerment for 1,192 outstanding middle and grassroots cadres.

4. *Capital Innovation*

In 2015, the Company raised RMB580 million to fund the high-end high-precision circuit board project and the R&D center project; in August 2017, it raised RMB1.08 billion to fund the circuit board project for new energy vehicles and the Internet of Things; in 2021, it issued shares to specific targets to raise funds of RMB2.0 billion; in 2023, it completed the overseas acquisition of the MFS Group, and the Company formed a full-series PCB product portfolio covering rigid circuit boards and flexible circuit boards, further enhancing the core competitiveness of the enterprise; in 2024, the Company acquired the Thailand company, completing the strategic layout of the Thailand manufacturing base; in 2025, the Company completed the issuance of shares to specific targets to raise funds of nearly RMB1.9 billion; on April 21, 2026, the Company completed the issuance and listing of H shares on the Main Board of the Hong Kong Stock Exchange, with the stock code of 2476.

(III) Rooted in Corporate Culture

Culture is the soul of an enterprise. The Company adheres to taking innovation as the engine and culture as the support, upholds the business philosophy of "scientific development, innovative and efficient, harmonious and win-win, and building a famous brand", and continuously strives to realize the vision of "customer satisfaction, innovation and creation, and leading industry development".

1. *Execution culture of strict enforcement of orders and prohibitions and absolute fulfillment of missions.*

Chairman Chen Tao upholds a highly efficient and pragmatic management style, deeply integrates a rigorous and efficient work style into corporate operations, and emphasizes efficiency first, execution foremost, and winning by details. All employees deeply practice the core values of "dedication to work, establishing business with integrity, and revitalizing enterprise with responsibility", achieve a high degree of unity in thought and action, and form a characteristic management culture where everything is measured by data and results. Taking the "world's Shenghong speed" to rapidly advance domestic and overseas production expansion projects, completely initiating cross-national synergy and interactive learning mechanisms, and consolidating strategic consensus and execution synergy through measures such as management alignment, system benchmarking, and cultural integration.

2. *Struggling culture of revitalizing the enterprise with talents and rewarding achievements with positions.*

The Company incorporates "talent innovation" into the corporate development strategy, attaches great importance to talent work. Instead of conventional recruitment, the Company identifies talents, and continuously introduces global top talents. The Company vigorously promotes the hand-raising culture and innovative spirit, improves the reward mechanism, and incentivizes all employees to innovate and create, and jointly participate in corporate development. From front-line employees to senior management, the innovative awareness of "how far your thoughts can reach is how far you can go" is deeply rooted in people's hearts, bearing the struggling spirit of "achievements lead to positions, and efforts yield rewards" in mind. All employees are united as one, pooling wisdom and efforts, keeping a close eye on the industry frontier, adhering to innovation and creation, continuously consolidating core technological advantages, and driving the enterprise continuously forward.

3. *Caring culture of being people-oriented with generous benefits.*

Continuously improving hardware facilities and welfare guarantees. Having built illuminated basketball courts/football fields and a 2,400m^2 gymnasium. Funding monthly to support the five major employee clubs of basketball, football, badminton, running group, and yoga in carrying out various activities, and advocating a healthy life; building a self-service smart restaurant with daily rotating dishes, taking into account deliciousness, health, and affordability; purchasing fully-furnished commercial housing, comprehensively upgrading and transforming old dormitories, building star-rated employee dormitories, and setting up employee family rooms to thoughtfully meet the personalized needs of employees; actively participating in donating funds for education, strengthening the three-party linkage among the government, enterprises and schools, solving the enrollment difficulties of employees' children, and setting up the "Hongzhi" scholarship to inspire employees' children and immediate family members (brothers and sisters) who have been admitted to universities to study diligently and advance, and pursue their dreams from afar; heart-warming care such as mutual aid funds, festival gifts, wedding leave cash gifts, and funeral condolences is fully covered, and rich and colorful cultural and recreational activities are carried out monthly, continuously enhancing employees' sense of happiness.

4. ***Responsibility culture of holding the nation in heart and contributing to society.***

While promoting high-quality development, the Company actively fulfills corporate social responsibilities, and has long been engaged in public welfare undertakings such as disaster assistance, rural revitalization, donating funds for education, cultural prosperity, and community construction, practicing the original aspiration and mission with concrete actions, demonstrating the responsibility of Chinese private enterprises in the new era, and winning widespread recognition from all sectors of society.

MAIN BUSINESS ANALYSIS

In 2026, artificial intelligence technologies accelerated their penetration into various fields, while global demand for AI infrastructure and computing power continued to expand, presenting promising market growth prospects for high-end PCBs. Against this backdrop, all employees of Victory Giant Technology were united as one, remained firmly committed to the strategic direction of "Embracing AI, Striving Towards the Future", deepened cooperation with leading international customers, continuously optimized the product structure, strengthened core technological barriers, expanded high-quality customer resources, advanced the development of high-end production capacity, and prepared backup capacity to address the medium- and long-term needs of the industry, thereby supporting the steady growth of the Company. In the first half of 2026, the Company realized operating income of RMB11.629 billion, representing a year-on-year increase of 28.77%; and net profit attributable to shareholders of listed company of RMB2.857 billion, representing a year-on-year increase of 33.30%. This was mainly attributable to the following:

(1) Strong Momentum in the AI Computing Power Sector, Continued Optimization of the Company's Product Structure

During the Period under Review, the Company accurately seized the historic opportunities arising from technological innovation in AI computing power and the wave of data center upgrades, and continued to consolidate its technological leadership in the global PCB manufacturing sector. Leveraging its industry-leading technological, quality, delivery and global service capabilities, the Company has become a core partner of numerous leading technology companies in China and abroad. In key areas such as AI computing power, data centers, high-performance computing and optical modules, multiple high-end products have achieved large-scale mass production, driving the upgrade of the product structure towards higher value and greater technological complexity. The proportion of high-end products continued to increase, supporting the steady growth of the Company's results.

(2) Deepening Presence in the Computing Power Market, Smooth Progress in Expanding High-quality Customers

During the Reporting Period, the Company secured over 50 new customers, more than half of whom are high-end customers in the AI sector. Leveraging in-depth collaboration with top-tier global end-customers in the computing power and telecommunications sectors, the Company continued to advance its product iteration, technological innovation, and supply chain assurance. As a result, our market influence and industry authority have been steadily enhanced, driving a continuous increase in the proportion of our high-value-added business. In the ASIC computing chip sector, the Company made smooth progress in business cooperation with relevant customers, participated extensively in joint product research and development, and achieved mass production of certain related PCB products. On the other hand, the Company actively expanded its domestic computing power business, with the scale of its domestic high-end product business growing steadily and its cooperation footprint in the domestic computing power sector continuing to expand. The Company will continue to optimize its customer structure, strengthen the competitiveness of its core technologies and products, and the market position of the Company in the high-end computing power PCB sector.

(3) Strengthening Technological Barriers, Consolidating Industry Leadership

In the first half of 2026, the Company fully leveraged its technological strengths, participated extensively in the preliminary research of customers' products, and deepened strategic cooperation with leading global technology industry customers. The Company took the lead in overcoming the core technological barriers to the integration of high-layer-count PCBs and high-build-up HDI, possesses manufacturing capabilities for high-layer-count PCBs with over 100 layers, and is among the first companies globally to achieve large-scale production of 24-layer HDI products with six build-up layers and possess technical capabilities for 30-layer HDIs with a 10+10+10 build-up and 16-layer Any-layer HDI. The Company successfully mastered the core manufacturing processes for 30-layer 10-stage HDI and 36-layer 14-stage HDI, propelling its high-end and high-stage PCB manufacturing capabilities to new heights. The Company was actively advancing the implementation of 70+ layer copper paste sintering, vertical power delivery embedded capacitance high-stage HDI, and CoWoP advanced packaging substrate technologies, in order to meet the mass production demands for high-stage PCBs in the AI computing server and high-end telecommunications sectors. The global market shares of the Company's AI computing cards, AI Data Center UBB & switches are world-leading. According to Prismark data, the Company ranked seventh among global PCB suppliers and fourth among domestic PCB manufacturers in Chinese mainland.

(4) Strengthening Cost and Supply Chain Management, Continuing Cost Reduction and Efficiency Enhancement

In the first half of 2026, faced with a market environment characterized by tight raw material supply and frequent price fluctuations in the industry, the Company continued to strengthen supply chain control and refined cost management. To address the risk of raw material price fluctuations, the Company established a dynamic response mechanism, closely monitored the price trends of bulk commodities and core PCB raw materials, and actively negotiated product pricing with downstream customers in light of market conditions, so as to reasonably and orderly pass on raw material cost pressures. At the same time, the Company deepened its strategic cooperation with leading suppliers of core raw materials and established a stable and diversified supply system. At present, the Company has established stable cooperative relationships with its major raw material suppliers, with raw material procurement channels functioning smoothly, reasonable inventory reserves and stable overall material supply.

FINANCIAL REVIEW

1. Operating Income

During the Period under Review, the Group's revenue was primarily derived from the sales of printed circuit board products. The Group realized operating income of approximately RMB11,629.4 million, representing an increase of 28.8% as compared to RMB9,030.9 million for the six months ended June 30, 2025. The change in revenue was primarily attributable to the continuous global expansion of AI infrastructure and computing power demand, deep alignment with leading international customers, ongoing optimization of its product structure, consolidation of its core technological barriers, and expansion of its high-quality customers.

The following table sets forth the Group's revenue analysis by product and sales region:

Unit: RMB million (except for percentages)

Item	Amount for the Period under Review	% of revenue	Amount for the corresponding period last year	% of revenue	Year-on-year increase/ decrease
Total revenue	11,629.4	100.0%	9,030.9	100.0%	28.8%
By product					
PCB manufacturing	10,839.2	93.2%	8,560.0	94.8%	26.6%
Others	790.2	6.8%	470.9	5.2%	67.8%
By region					
Direct exports	9,060.4	77.9%	6,938.7	76.8%	30.6%
Domestic sales	2,569.0	22.1%	2,092.2	23.2%	22.8%

2. Gross Profit and Gross Profit Margin

During the Period under Review, the operating cost of the Group were approximately RMB7,765.9 million, representing an increase of 34.8% as compared to RMB5,759.7 million for the corresponding period of last year; and the gross profit was approximately RMB3,863.4 million, representing an increase of 18.1% as compared to RMB3,271.2 million for the corresponding period of last year. The overall gross profit margin of the Group was 33.2%, representing a decrease of 3% as compared to 36.2% for the corresponding period of last year. The changes in gross profit and gross profit margin were primarily affected by a combination of factors, including increased labor costs and the ramp-up of new production capacity.

The following table sets forth the analysis over the Group's gross profit and gross profit margin by product and sales region:

Unit: RMB million (except for percentages)

Item	Gross profit for the Period under Review	The gross profit margin for the Period under Review	Gross profit for the corresponding period of last year	Gross profit margin for the corresponding period of last year
Total gross profit	3,863.4	33.2%	3,271.2	36.2%
By product				
PCB manufacturing	3,098.3	28.6%	2,829.1	33.1%
Others	765.1	96.8%	442.1	93.9%
By region				
Direct exports	2,900.4	32.0%	2,511.9	36.2%
Domestic sales	963.0	37.5%	759.3	36.3%

3. Expenses and Profit for the Period

During the Period under Review, the Group's major expenses and the changes therein are as follows:

Unit: RMB million (except for percentages)

Item	Period under Review	The corresponding period of last year	Year-on-year increase/ decrease	Explanation on change
Selling expenses	104.7	118.8	-11.8%	During the Period under Review, it was mainly due to the decrease in promotion and advertising expenses
Administrative expenses	291.7	230.8	26.4%	During the Period under Review, it was mainly due to the increase in employee remuneration
Research and development expenses	359.2	352.8	1.8%	During the Period under Review, it was mainly due to the increase in R&D investment
Finance expenses	296.7	37.3	694.4%	During the Period under Review, it was mainly due to the increase in exchange losses and interest expenses

4. Assets and Liabilities

(1) Major asset and liabilities items

The following table sets forth the major assets and liabilities items of the Group as at June 30, 2026 and their comparison with those as at December 31, 2025:

Unit: RMB million (except for percentages)

Item	Closing amount	Proportion to total	Beginning amount	Proportion to total assets	Increase/ decrease in proportion	Explanation on major changes
Bank balances, deposits and cash	6,072.3	9.6%	3,279.6	9.3%	0.3%	
Trade receivables	6,983.0	11.1%	5,871.2	16.7%	-5.6%	During the Reporting Period, it was mainly due to the increase in sales.
Inventories	5,889.6	9.3%	3,162.4	9.0%	0.4%	
Investments in other equity instruments	3,339.7	5.3%	2,854.3	8.1%	-2.8%	
Fixed assets	11,844.1	18.8%	9,164.4	26.0%	-7.2%	During the Reporting Period, it was mainly due to the increase in purchases of machinery and equipment.
Construction in progress	5,223.3	8.3%	3,609.9	10.2%	-2.0%	
Short-term borrowings	3,239.2	5.1%	1,499.7	4.3%	0.9%	
Long-term borrowings	5,991.9	9.5%	3,867.4	11.0%	-1.5%	
Lease liabilities	92.1	0.2%	82.3	0.2%	-0.1%	
Financial assets held for trading	15,339.3	24.3%	137.0	0.4%	24.0%	During the Reporting Period, it was mainly due to the increase in purchase of wealth management products.

Save as disclosed in the table above, there was no change in the composition of the assets and liabilities of the Group as at June 30, 2026 as compared with that as at December 31, 2025 which is material to the understanding of the financial position of the Group.

(2) Gearing ratio

The Group's gearing ratio as at June 30, 2026 was 39.9% (as at December 31, 2025: 52.9%). The gearing ratio is calculated by dividing total liabilities by total assets. Such change was mainly due to the receipt of proceeds from overseas offering and listing of shares.

(3) Other key financial ratios

As at June 30, 2026, the Group's return on total assets was 5.8%, return on equity was 10.5%, current ratio was 1.9 times, quick ratio was 1.6 times, gearing ratio was 27.4% and debt to equity ratio was 11.5%. Return on total assets was calculated based on profit for the period divided by the average of opening and closing balance of total assets; return on equity was calculated based on profit for the period attributable to owners of the Company divided by the average of opening and closing balance of equity attributable to owners of the Company; current ratio was calculated based on current assets divided by current liabilities; quick ratio was calculated based on current assets net of inventories divided by current liabilities; gearing ratio was calculated based on borrowings and lease liabilities divided by total equity; debt to equity ratio was calculated based on interest-bearing bank and other borrowings net of cash and cash equivalents divided by total equity.

(4) Charge and pledge of assets

As at June 30, 2026, the listed equity investment of the Group in Founder Technology Group Co., Ltd. (with a fair value of approximately RMB3,168.7 million) was pledged as collateral for the borrowings of the Group; the Group also had restricted bank deposits of approximately RMB72.4 million.

As at June 30, 2026, the net book value of the pledged or restricted assets of the Group was RMB841.1 million, details of which are set out in "Section VIII Financial Report-VII. notes to items in the consolidated financial statements-31. Assets with restricted ownership or use rights" of the notes to the interim financial statements.

Save as disclosed above, the Group had no other significant charges or pledges of assets.

5. Cash Flows

During the Period under Review, the main components and changes in the Group's cash flows were as follows:

Unit: RMB million (except for percentages)

Item	The Period under Review	The corresponding period of last year	Year-on-year increase/ decrease
Subtotal of cash inflows from operating activities	11,966.3	7,572.9	58.0%
Subtotal of cash outflows from operating activities	9,055.1	6,382.8	41.9%
Net cash flows from operating activities	2,911.2	1,190.1	144.6%
Subtotal of cash inflows from investing activities	154.9	11.6	1,240.8%
Subtotal of cash outflows from investing activities	22,113.6	2,159.0	924.2%
Net cash flows from investing activities	-21,958.7	-2,147.5	-922.5%
Subtotal of cash inflows from financing activities	24,947.4	3,045.8	719.1%
Subtotal of cash outflows from financing activities	2,800.2	1,934.8	44.7%
Net cash flows from financing activities	22,147.2	1,111.0	1,893.5%
Net increase in cash and cash equivalents	2,793.3	175.9	1,488.4%

During the Reporting Period, the net cash flows from operating activities of the Group increased by 144.6% compared with last year, primarily due to an increase in cash collection from sales; the net cash flows from investing activities of the Group decreased by 922.5% compared with last year, mainly due to an increase in expenditures for the purchase and construction of long-term assets and the purchase of wealth management products; the net cash flows from financing activities of the Group increased by 1,893.5% compared with last year, primarily due to an increase in funds received from the overseas issuance and listing of shares.

6. Liquidity, Financial Resources and Capital Structure

As at June 30, 2026, the bank balances, deposits and cash of the Group were approximately RMB6,072.3 million (as at December 31, 2025: RMB3,279.6 million), primarily denominated in RMB and Hong Kong dollars.

As at June 30, 2026, the total bank and other borrowings of the Group were approximately RMB10,246.9 million (as at December 31, 2025: RMB6,341.3 million), of which approximately RMB4,255.0 million were repayable within one year. Such borrowings were principally denominated in RMB and were all interest-bearing at floating interest rates.

The Group primarily meets its daily operations, debt repayment and capital expenditure needs through cash generated from operating activities, bank and other borrowings, and proceeds from the Global Offering of H shares. As at June 30, 2026, the capital structure of the Group consisted primarily of equity attributable to owners of the Company, bank and other borrowings, and lease liabilities. The Board believes that the Group has sufficient liquidity and financial resources to meet its current operating and foreseeable capital expenditure needs.

As at June 30, 2026, neither the Company nor its subsidiaries had any outstanding corporate bonds, convertible corporate bonds, medium-term notes or other significant debt financing instruments.

7. Analysis on Investments

(1) Material equity investments

During the Reporting Period, the Group had no material equity investments.

(2) Material non-equity investments

During the Reporting Period, the Group had no material non-equity investments.

(3) Financial assets at fair value

Unit: RMB

Asset category	Initial investment costs	Gains or losses from changes in fair value for the current period	Accumulated changes in fair value recognised in equity	Acquisition for the Period under Review	Disposal for the Period under Review	Accumulated investment income	Other changes	Closing balance	Source of funds
Financial assets held for trading (shares)	719,899,508.25	678,244,952.95		719,899,508.25				1,398,144,461.20	Self-owned funds
Financial assets held for trading (others)	13,824,574,821.88	-83,424,821.88		13,824,574,821.88				13,741,150,000.00	Self-owned funds
Financial assets held for trading (others)	337,000,000.00			200,000,000.00	137,000,000.00	597,732.88		200,000,000.00	raised funds
Investments in other equity instruments (shares)	366,122,040.68	485,372,094.12	2,802,533,517.16					3,168,655,557.84	Self-owned funds
Investments in other equity instruments (others)	109,421,040.03		61,590,538.88					171,011,578.91	Self-owned funds
Total	15,357,017,410.84	1,080,192,225.19	2,864,124,056.04	14,744,474,330.13	137,000,000.00	597,732.88	0.00	18,678,961,597.95	–

As at June 30, 2026, the Group held 228,949,101 A shares of Founder Technology Group Co., Ltd. (“Founder Technology”, listed on the Shanghai Stock Exchange, stock code: 600601, primarily engaged in the research and development, production and sale of printed circuit board products), representing approximately 5.36% of the issued shares of Founder Technology. The total investment cost for the aforementioned shares obtained by the Group was approximately RMB366.1 million. As at June 30, 2026, the fair value of this investment was approximately RMB3,168.7 million, which accounted for approximately 5.0% of the total assets of the Group as at that date; as at December 31, 2025, the fair value of this investment was approximately RMB2,683.3 million, which accounted for approximately 7.6% of the total assets of the Group as at that date.

(4) Investments in entrusted wealth management products and derivatives

(1) Entrusted wealth management products

Unit: RMB0'000

Product category	Risk characteristic	Balance of entrusted wealth management products for the Period under Review	Overdue balance
Wealth management products issued by banks	Risk-free	1,431,409.74	0

During the Period under Review, the Company has not entrusted, as a single principal, any financial institution to carry out assets management, nor invested in any high-risk wealth management products with low safety and low liquidity.

(2) Investments in derivatives

During the Period under Review, the Group had no derivative investments.

Save as disclosed above, the Group had no other material investments required to be disclosed under paragraphs 32(4) and 32(4A) of Appendix D2 as at June 30, 2026.

8. Material Acquisitions and Disposals of subsidiaries, associates and joint ventures

(1) Equity investments

During the Period under Review, the Group had no material disposal or acquisition of equity interests in subsidiaries, associates and joint ventures.

(2) Major subsidiaries and equity investees

Information on major subsidiaries and equity investees whose impact on the Company's net profit exceeds 10%

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hongxing International Technology Limited	Subsidiary	Electronic trading, investment	US$50,000	2,971,183,507.30	533,131,747.78	1,531,633,058.51	529,342,658.76	441,964,858.10

Acquisition and disposal of subsidiaries during the Reporting Period

On January 23, 2026, MFS Technology (S) PTE Ltd, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with SunPower Technology Ltd. to acquire all of the equity interests in SunPower Malaysia Manufacturing Sdn. Bhd. for a total consideration of US$51.0 million; such acquisition was completed and settled on February 13, 2026. The fixed assets acquired in this acquisition will be integrated with the existing production base of the Group in Malaysia to expand production capacity and meet the demand of overseas delivery orders. In accordance with the China Accounting Standards for Business Enterprises adopted by the Group from the year 2026, the Group has accounted for this acquisition as an asset acquisition rather than a business combination, which is consistent with the transaction classification disclosed in the prospectus of the Company.

9. Future Plans for Material Investments or Capital Assets

The future plans for material investments or capital assets of the Group primarily include the projects intended to be funded by the proceeds from the Global Offering of H shares, the investment projects funded by the proceeds from the issuance of A shares to specific targets in 2025, and the production capacity construction plans approved by the Group, details of which are set out in the section headed "Issuance of Shares and Use of Proceeds" in this report. Save for the above projects and the capital expenditures required for daily operations, the Board currently has no other plans for material investments or capital assets that are required to be disclosed. Such projects have been carrying out according to the fund utilisation schedule as disclosed in the Prospectus and the subsequent production capacity ramp-up arrangement, and did not experience any material alternation or delay as of the date of this report.

10. Guarantees and Contingent Liabilities

As at June 30, 2026, the total balance of guarantees actually provided by the Company and its subsidiaries amounted to RMB2,114.31 million, all of which were guarantees between the Company and its wholly-owned subsidiaries or among the wholly-owned subsidiaries; there was no guarantee provided to any entity outside the scope of the consolidated financial statements, overdue guarantee, guarantee involved in litigation or loss to be borne as a result of a lost lawsuit relating to a guarantee. Details of the contingent liabilities of the Group are set out in "Section VIII Financial Report-XVI. Commitments and Contingencies-2. Contingencies" of the notes to the interim financial statements. Save as disclosed above, the Group had no other material contingent liabilities.

HUMAN RESOURCES

As at June 30, 2026, the Group had a total of 23,498 employees. The Group attaches great importance to employee training and development, and provides employees with management, professional technical and job skills training based on business needs; the Group determines fixed remuneration, performance bonuses and other benefits in accordance with applicable laws and regulations, job responsibilities, personal performance and the results of the Group; the long-term incentive arrangements are set out in the section headed "Share Schemes" in this report. Performance bonuses are linked to the achievement of the Group's operational objectives, the performance of respective departments and personal performance. During the Period under Review, the Group continuously implemented the "Giant Star Programme (宏星計劃)" and the Giant Cadre Cultivation Programme, accomplishing training for 1,192 outstanding cadres at middle and low level.

During the Period under Review, total staff costs of the Group amounted to approximately RMB1,568.4 million. The Group determines fixed remuneration, performance bonuses and other benefits in accordance with applicable laws and regulations, job responsibilities, personal performance and the results of the Group; the long-term incentive arrangements are set out in the section headed "Share Schemes" in this report.

ENVIRONMENT, COMPLIANCE, AND SOCIAL RESPONSIBILITY

The Group is committed to a green and smart development strategy, and continues to promote energy conservation, emissions reduction, clean production, hazardous waste management, and workplace safety. During the Period under Review, the Company, Shenghua Electronics (Huiyang) Co., Ltd., Hunan Weisheng Technology Circuit Board Co., Ltd., Hunan Weisheng Technology Co., Ltd., and Yiyang Weisheng Technology Co., Ltd. were included in the list of enterprises required to disclose environmental information in accordance with the law, and the relevant environmental information has been disclosed through the systems designated by the competent ecological and environmental authorities in their respective locations. To the best knowledge of the Company, during the Period under Review, there was no material violation of laws and regulations relating to environment, product quality, employment and safe production by the Group which had a material impact on its operations.

During the Period under Review, the Company continued to carry out social public welfare projects such as charitable donations, educational assistance and rural revitalization, and donated RMB716,000 to the Charity Federation of Huiyang District, Huizhou City, RMB5,000,000 to Peking University Shenzhen Graduate School Education Foundation, and RMB3,433,200 to HKEX Foundation, aggregating to approximately RMB9,149,200.

INTERIM DIVIDEND

Pursuant to the profit distribution policy stipulated in the articles of association of the Company, in principle, the Company shall make at least one cash dividend distribution per year. The Board may, in light of the Company's profitability and capital needs, propose an interim cash dividend or share distribution. The Board did not recommend the payment of interim dividend for the six months ended June 30, 2026, which is in line with the Company's profit distribution policy.

During the Period under Review, the Company implemented the 2025 profit distribution plan. Based on 872,339,870 A Shares (after deducting 217,443 treasury A Shares), a cash dividend of RMB19.949377 (inclusive of tax) per 10 shares was distributed to the shareholders whose names appeared on the register of members of A Shares on April 14, 2026, totaling approximately RMB1,740.3 million; the ex-rights and ex-dividend date was April 15, 2026. As the record date was earlier than the listing date of the H Shares of the Company, such distribution did not involve H Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company. As at June 30, 2026, the Company held 217,443 treasury A Shares, all of which were repurchased in previous periods, representing approximately 0.02% of the total number of issued A Shares of the Company. According to the share repurchase arrangements publicly disclosed by the Company, such treasury shares are intended to be used for employee stock ownership plan or equity incentive plan.

FUTURE PROSPECTS

(I) Company Development Strategy

The Company firmly upholds the core development philosophy of "Embracing AI, Striving Towards the Future", closely focuses on the two core areas of AI computing power and data centers, builds on its principal PCB business, and is firmly committed to high-end, globalized and diversified development. With "seizing opportunities, pursuing excellence, achieving customer success and giving back to society" as its mission, the Company is committed to realizing the vision of "customer satisfaction, innovation and creation, and leading industry development", making every effort to move towards the 100-billion output value target and build itself into a globally leading PCB enterprise.

Looking ahead to the second half of 2026, the Company will continue to implement the overarching guideline of "Three Major Strategies, Four Innovations" and carry out the action guideline of "Technology-Driven Marketing, Winning with Quality; Revitalizing the Enterprise with Talents, People-oriented Management; Embracing AI, Striving Towards the Future; Technology-Led, Winning with Speed", further consolidate its six major advantages in strategy, technology, quality, production capacity, major customers and culture, and drive the enterprise towards higher-quality and faster development.

(II) Business Plan

The Company aspires to advance China's "smart" manufacturing and catalyze technological innovation in the PCB industry. It deeply cultivates its principal PCB business, focuses on core areas such as high-end AI, automotive electronics and high-speed transmission, and leverages its core advantages in technological leadership, a high-quality customer base and well-developed production capacity to strive towards the target of achieving an output value of 100 billion by 2030.

In recent years, despite increasingly intense industry competition, the Company has continued to deliver outstanding results, fundamentally because it has kept strategy as its main engine, remained steadfastly committed to the core direction of "Embracing AI, Striving Towards the Future" and closely followed the main trend of industry development; consolidated the solid foundations of its advantages, adhered to the guiding principle of "Technology-Led, Winning with Speed", and laid a solid foundation for development through technological innovation, quality enhancement and deep cultivation of customer relationships; and fostered cohesion among all employees, leveraging its excellent corporate culture and sound incentive mechanisms to drive all employees to work in concert and take determined, pragmatic action.

To steadily advance the realization of the 100-billion output value target, looking ahead to the second half of 2026, the management team of the Company will follow the 15-character guideline of "Change Mindsets, Strengthen Foundations, Consolidate the Brand, Enhance Advantages, Attract Outstanding Talent", closely align its efforts with industry development opportunities and the Company's development strategy, carry out various operational initiatives in an orderly manner, focus on high-end, globalized and refined development, and drive continuous and steady improvement in the Company's operating results.

MAJOR RISKS AND RESPONSIVE MEASURES

The Board believes that AI computing infrastructure and data center construction will continue to support market demand for high-layer-count PCBs and high-build-up HDI, bringing opportunities for the Group's high-end product upgrades and global production capacity layout; however, macro demand, industry competition, raw material and exchange rate fluctuations, as well as the construction and operation of overseas bases, may affect the Group's revenue, gross profit margin, liquidity and capital expenditure. To seize the aforementioned opportunities and address the relevant risks, the Group will continue to optimize its customer and product mix, enhance its R&D and intelligent manufacturing capabilities, and advance the "China + N" production capacity layout in phases based on market demand, customer certification, project progress and funding conditions. The major risk factors, potential impacts and corresponding mitigation measures are set out below.

1. Risk in Relation to the Macro Economy Volatility

The principal business of the Company is the research and development, production and sales of printed circuit boards, and its products include high-end multi-layer boards, HDI boards, FPCs, rigid-flex boards, etc. As a core basic component of the electronic information industry, the development of the PCB industry is closely linked to the development of the electronic information industry and the macroeconomic climate. In particular, with the increasing degree of internationalization of the electronic information industry, the demand for PCBs is deeply influenced by both the domestic and international markets. If there are any adverse changes or adjustments in the international and domestic macroeconomic situations as well as macro policies such as the national fiscal policy, monetary policy and trade policy, the operating results of the Company will be adversely affected.

2. Market Competition Risk

The focus of the global PCB industry is gradually shifting from Europe and the United States to Asia, and a new landscape dominated by Asia (especially Chinese mainland) has currently been formed. There are numerous various types of production enterprises in the PCB industry, and the market competition is relatively fierce, increasingly showing a trend of "large-scale and centralization". If the Company cannot fully seize market opportunities and timely adapt to market demands and competition conditions in terms of product development, marketing strategies and other aspects, the market competitive advantage of the Company may be weakened, and it will face the risk of declining market share or being surpassed by competitors.

3. Risk of Tight Raw Material Supply and Price Volatility

The raw materials required for the production of the Company are mainly copper clad laminates, prepregs, copper balls and copper foils, and raw material costs account for a relatively high proportion of the product costs. Raw material costs are one of the important factors affecting the product pricing of the Company. In the event of a substantial increase in raw material prices, the Company will increase product selling prices accordingly, but there is a certain lag in the transmission to the downstream. The raw materials of the Company are greatly affected by the supply and demand relationship of bulk commodities such as copper, gold and petroleum in the international market and high-end copper clad laminates. If the supply of raw materials becomes tight and prices rise substantially in the future, and the Company cannot transfer the costs of raw material price increases to downstream customers by raising product prices, or offset the pressure of cost increases through technological and process innovation, situations such as insufficient supply of raw materials or decline in profitability may occur, which will have an adverse impact on the operating results of the Company.

4. Risk of Rising Labor Costs

With the expansion of the business scale of the Company, there is a demand for growth in the number of employees of the Company. If the labor costs of the Company continue to increase substantially and the Company cannot reduce the number of employees or improve production efficiency through automation measures, the profitability of the Company will be negatively affected.

5. Exchange Rate Risk

The amount of export sales revenue of the Company is relatively large, and the regions of export customers and imports are concentrated in Hong Kong, Taiwan, China, Japan, South Korea and Europe and America, which are mainly settled in US dollars and Hong Kong dollars, making them vulnerable to exchange rate fluctuations. Although the Company adopts measures such as forward foreign exchange contracts and reasonable management of foreign currency borrowings to reduce the impact of exchange rate fluctuations, it still cannot completely eliminate the impact of exchange rate fluctuations on the operating results of the Company.

6. Risks of Construction and Operation of Overseas Factories

During the Period under Review, in order to meet the business development needs of the Company, the Company actively promoted the construction progress of production bases in Thailand and Vietnam. There are significant differences in laws and regulations, supply chain supporting facilities, human resources and cultural characteristics between Thailand and Vietnam and those in the PRC. During the construction and operation process of the overseas production bases, there are certain management, operational and market risks. By drawing on the experiences of peers going overseas, the Company familiarizes itself with and adapts to the local business cultural environment and legal systems as soon as possible, invests in suitable equipment and technologies, actively develops well-known overseas customers and introduces international professional and technical talents, so as to escort the overseas production bases.

Save as disclosed above, there was no material change to the principal risks and uncertainties disclosed in the section headed "Risk Factors" in the prospectus of the Company dated April 13, 2026 during the Period under Review.

IMPORTANT EVENTS AFTER THE PERIOD UNDER REVIEW

On July 20, 2026, the Board resolved to propose the adoption of the 2026 Restricted A Share Incentive Scheme and the 2026 First Tranche A Share Employee Share Ownership Plan; as at the date of the relevant announcement, both proposals were subject to the approval by the general meeting and were not conditional upon each other, and the principal terms are set out in the section headed "Share Schemes" in this report. As at the date of this report, the relevant resolutions regarding the above two plans have been considered and approved by the Board, but are still subject to the consideration and approval by the general meeting, hence they have not yet become effective, and no grant, share purchase or other implementation arrangement has been made.

After the Period under Review, the Group continued to provide guarantees for the financing of its wholly-owned subsidiaries and the wholly-owned subsidiaries provided guarantees to each other within the guarantee limit for the year 2026 approved by the general meeting. As at July 28, 2026, the total balance of guarantees actually provided by the Company and its holding subsidiaries amounted to RMB2,214.3084 million, representing 13.33% of the audited net assets of the Company as at December 31, 2025. All guarantees were guarantees between the Company and its wholly-owned subsidiaries; the Group did not have any overdue guarantee, guarantee provided to any entity outside the scope of the consolidated financial statements, guarantee involved in litigation or loss to be borne as a result of a lost lawsuit relating to a guarantee.

On July 29, 2026, the Company won a bidding for the land use rights for a state-owned construction parcel at MAN01–05–15–01 Parcel, Unit 01, Ma'annan Park, High and New Technology Industrial Development Zone, Huicheng District, Huizhou City (listing number: GP2026–27) at a consideration of RMB66.50 million. The parcel has a site area of approximately 100,006 square metres and is designated as Class II industrial land for a useful live of 50 years. The Company signed the Land Use Rights Assignment Contract for State-owned Construction Parcel on August 11, 2026 and the Company has paid the full amount of the land grant fees as at the date of this report, acquiring such parcel. The Company has not invested any funds in such parcel other than the land grant fees, and will advance the relevant investments in phases taking into consideration the project planning, market demand, approval status, and funding arrangements. As at the date of this Report, such parcel does not involve the use of proceeds from the Company's H Share offering.

MANAGEMENT DISCUSSION AND ANALYSIS

On August 27, 2026, following a reorganisation of duties and pursuant to a resolution of the Company's Board , Ms. Liu Chunlan ("Ms. Liu"), a director of the Company, was re-designated from a non-executive director to an executive director. Save as disclosed above, from June 30, 2026 to the date of this report, there were no other material events which may have a material impact on the operating and financial performance of the Group.

ISSUANCE OF SHARES AND USE OF PROCEEDS

Proceeds from the Global Offering of H Shares

The Company issued 95,850,000 H Shares with a nominal value of RMB1.00 each at a final offer price of HK$209.88 per H Share, and such H Shares were listed on the Main Board of the Hong Kong Stock Exchange on April 21, 2026; upon the full exercise of the Over-allotment Option, the Company additionally issued 14,377,500 H Shares, and such shares commenced listing and trading on April 27, 2026. A total of 110,227,500 H Shares were issued under the Global Offering, with a total nominal value of RMB110,227,500. After deducting the underwriting commissions and other listing expenses, the net proceeds from the Global Offering amounted to approximately HK$22,879.79 million, and the net price per H Share was approximately HK$207.57. The Offer Shares were allocated to investors of the Hong Kong Public Offering and the International Offering. The terms of the Global Offering were determined on April 16, 2026; since the H Shares of the Company were not listed on the Hong Kong Stock Exchange prior to the Global Offering, there was no comparable closing price of H Shares on the date of determination of the offering terms.

Purposes as set out in the Prospectus	Percentage	Planned allocation (HK$ million)	Utilized as at June 30 (HK$ million)	Unutilized (HK$ million)	Expected timeline for full utilization
Expanding High-End PCB Production Capacity in Chinese mainland	74%	16,931.04	4,295.82	12,635.22	Expected for full utilization by the end of 2028
Purchase mSAP PCB manufacturing equipment	7%	1,601.59	73.43	1,528.16	Expected for full utilization by the end of 2028
R&D activities	9%	2,059.18	–	2,059.18	Expected for full utilization by the end of 2031
Working capital and general corporate purposes	10%	2,287.98	2,102.10	185.88	Expected for full utilization by the end of 2026
Total	100%	22,879.79	6,471.35	16,408.44	–

The Company intends to use the unutilized proceeds from the Global Offering of H Shares in accordance with the purposes and timeline disclosed in the Prospectus. If there is any material change or delay in the actual purposes or timeline, the Company will make disclosure in accordance with the Listing Rules.

Proceeds from the issuance of A Shares to specific targets in 2025

The Company issued 7,660,672 A Shares to specific targets in 2025, and the total amount of proceeds raised was RMB1,899,999,869.44; after deducting the issuance expenses, the net proceeds raised amounted to RMB1,876,386,754.11. During the Period under Review, RMB1,231,517,664.07 of such proceeds was utilized, which was mainly used for the Vietnam VGT Artificial Intelligence HDI Project, the Thailand High-Layer-Count Printed Circuit Board Project, as well as supplementing working capital and repaying bank loans; as at June 30, 2026, the unutilized proceeds raised amounted to RMB631,253,555.41, of which RMB372,947,441.33 was used to purchase cash management products, and RMB258,306,114.08 was deposited in the designated account for proceeds raised. During the Period under Review, there was no change in the purposes of the proceeds raised.

Vesting and Issuance of Restricted A Shares Prior to the Listing of H Shares

Pursuant to the vesting arrangement for the third vesting period of the initial grant portion under the 2022 Restricted A Share Incentive Scheme of the Company, on February 9, 2026 (i.e. prior to the listing of H Shares), the Company issued a total of 2,208,000 A Shares to seven incentive participants at RMB11.27 per A Share, and the total amount of proceeds raised was RMB24,884,160. Such A Shares were allotted and issued to Ms. Liu Chunlan (640,000 shares), Mr. Zhao Qixiang (320,000 shares), Mr. Chen Yong (320,000 shares), Mr. Zhu Guoqiang (320,000 shares), Mr. Wang Hui (320,000 shares), Mr. Zhou Dingzhong (256,000 shares) and Ms. Zhu Xiyao (32,000 shares). The proceeds from this vesting have been fully utilized to supplement the working capital of the Company.

SHARE SCHEMES

2022 Restricted A Share Incentive Scheme

The Company adopted the Restricted A Share Incentive Scheme in 2022. Such scheme is a share scheme adopted prior to listing and is subject to Rule 17.12 of the Listing Rules upon listing; as disclosed in the Prospectus, the Company will not make any further grant under such scheme upon listing. During the Period under Review, 2,208,000 A Shares of the seven incentive participants of the second batch under such scheme have been vested and listed for trading on February 9, 2026. Together with the 4,828,320 A Shares vested for the 616 incentive participants of the first batch on October 30, 2025, a total of 7,036,320 A Shares for the third vesting period have completed vesting. Save for the above vestings, the Company did not make any new grant under such scheme during the Period under Review. As of June 30, 2026, there was no unvested award under such scheme.

Proposed Adoption of the 2026 Restricted A Share Incentive Scheme

On July 20, 2026, the Board resolved to propose the adoption of the 2026 Restricted A Share Incentive Scheme; as at the date of the relevant announcement, such proposal is subject to the approval by the general meeting. Such scheme intends to adopt Type II restricted A Shares, involving a total of 4,862,400 A Shares, representing approximately 0.494757% of the total share capital of the Company set out in the draft of such scheme, including the proposed initial grant of 4,662,400 A Shares to 1,545 incentive participants and the reservation of 200,000 A Shares. The proposed incentive participants for the initial grant include eight directors or supervisors of the subsidiaries and not more than 1,537 management personnel and core technical (business) personnel, which include 131 foreign employees (including employees from Hong Kong, Macau and Taiwan). The grant price (including the reserved portion) is RMB155.94 per A Share.

The A Shares under such scheme are intended to be sourced from the ordinary A Shares repurchased by the Company from the secondary market and/or ordinary A Shares issued to the incentive participants by way of targeted issuance. The adoption of such scheme is subject to the approval of the Shareholders and must comply with the applicable requirements of Chapter 17 of the Listing Rules. For details, please refer to the announcement of the Company dated July 20, 2026.

Proposed Adoption of the 2026 First Tranche A Share Employee Share Ownership Plan

On July 20, 2026, the Board also resolved to propose the adoption of the 2026 First Tranche A Share Employee Share Ownership Plan; as at the date of the relevant announcement, such proposal is subject to the approval by the general meeting, and is not conditional upon the approval of the 2026 Restricted A Share Incentive Scheme. The number of participants shall not exceed 564, including four Directors and senior management of the Company and 560 management personnel and core technical (business) personnel. Such plan intends to raise not more than RMB700 million, of which the funds self-raised by the employees through lawful means shall not exceed RMB350 million, and the financing obtained through margin trading and securities lending or other means permitted by laws and regulations shall not exceed RMB350 million; the Company will not provide financial assistance to the holders, nor will it provide guarantees for their loans.

Such employee stock ownership plan will solely purchase A Shares through the secondary market, and does not involve the issuance of new shares, sale of treasury shares or grant of options to purchase new shares by the Company, and the share purchase should be completed within six months after the approval by the general meeting. Based on the closing price of the A Shares of the Company of RMB241.50 per share on July 17, 2026, the A Shares proposed to be purchased shall not exceed 2,898,500 shares, representing approximately 0.2949% of the total share capital of the Company as at the date of the announcement of the draft of such plan; the final purchase price and quantity shall be subject to the actual transaction results. The duration of such plan is 60 months, and the lock-up period of the underlying shares is 12 months. Pursuant to the Hong Kong Listing Rules, such plan is subject to the applicable disclosure requirements under Rule 17.12.

Details of the participation of the Directors and senior management in such employee stock ownership plan and the applicable exemptions under Chapter 14A of the Listing Rules are set out in the announcement of the Company dated July 20, 2026.

Since the above two plans were proposed after the Period under Review, no restricted A Share was granted or A Share was purchased under such plans during the Period under Review. As at the date of this report, the relevant resolutions of the above two plans have been considered and approved by the Board, but are still subject to the consideration and approval of the general meeting, hence they have not yet become effective, and no grant, share purchase or other implementation arrangement has yet been made.

CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Ting Chung (王庭聰) was appointed as our independent non-executive Director on April 21, 2026.

Due to work arrangements, Mr. Zhao Qixiang resigned as a non-independent director of the 13th session of the board of directors of Founder Technology Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600601) on March 27, 2026. Following his resignation, Mr. Zhao ceased to hold any positions in Founder Technology Group Co., Ltd. and its controlled subsidiaries.

Save as disclosed above, during the Period under Review and up to the date of this report, there was no other change in information of the Directors or chief executives required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURE UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

As at June 30, 2026, there was no matter which is required to be disclosed in this report pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules.

UPDATES ON MAJOR EVENTS SET OUT IN THE PROSPECTUS

Non-competition undertakings

As confirmed by Shenghua Xinye and Mr. Chen Tao, during the Period under Review and as of the date of this report, they have duly performed the non-competition undertakings provided to the Company on August 31, 2012, and the Company is not aware of their breach of such undertakings.

Save as disclosed in "Management Discussion and Analysis – Future Plans for Material Investments or Capital Assets", "Issuance of Shares and Use of Proceeds" and "Share Schemes" in this report as well as "Non-competition Undertakings" above, as of the date of this report, there are no material changes in the Group's business, substantial shareholders, regulatory and industry environments, major risks, future plans and other major events set out in the Prospectus that are required to be separately disclosed in this report.

OTHER INFORMATION

DISCLOSURE OF INTERESTS IN SECURITIES

A. Interests of Substantial Shareholders in the Shares and Underlying Shares of the Company

As at June 30, 2026, to the knowledge of the Directors of the Company, the shareholders who had interests in the A Shares and H Shares which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Unit: Share

Shareholders	Nature of Interest	Class of Shares	Long Position/ Short Position	Number of Shares directly or indirectly held	Approximate % of the relevant class of Shares[3]	Approximate interest in the issued share capital of the Company (%)[3]
Mr. Chen Tao	Interest in controlled corporation[1]	A Shares	Long position	266,269,191 shares	30.52	27.09
	Interest of spouse[2]	A Shares	Long position	3,791,642 shares	0.43	0.39
Ms. Liu Chunlan	Beneficial owner	A Shares	Long position	3,791,642 shares	0.43	0.39
	Interest of spouse[2]	A Shares	Long position	266,269,191 shares	30.52	27.09
Shenghua Xinye	Beneficial owner[1]	A Shares	Long position	134,837,190 shares	15.45	13.72
Hong Kong Victory Giant	Beneficial owner[1]	A Shares	Long position	131,432,001 shares	15.06	13.37
Hongda Investment	Interest in controlled corporation[1]	A Shares	Long position	131,432,001 shares	15.06	13.37
J.P. Morgan Securities (Asia Pacific) Limited	Interest in controlled corporation[4]	H Shares	Long position	14,377,500 shares	13.04	1.46
Janchor Partners Limited	Investment manager[5]	H Shares	Long position	5,739,260 shares	5.21	0.58

Notes:

(1) As at June 30, 2026, (a) Mr. Chen Tao and Ms. Liu Chunlan (spouse of Mr. Chen Tao) holds 90% and 10% of Shenghua Xinye, which holds 134,837,190 A Shares; and (b) Mr. Chen Tao holds 70% of Hongda Investment, which in turns is the sole shareholder of Hong Kong Victory Giant which holds 131,432,001 A Shares. As such, Mr. Chen Tao will be deemed to be interested in the A Shares held by Shenghua Xinye and Hong Kong Victory Giant.

(2) As at June 30, 2026, Mr. Chen Tao had an interest in 266,269,191 A Shares through controlled corporations; Ms. Liu Chunlan had an interest in 3,791,642 A Shares as a beneficial owner. As they are spouses, each of them is also deemed to be interested in such A Shares held by the other pursuant to the SFO, therefore each of them is deemed to be interested in a total of 270,060,833 A Shares.

(3) The calculation is based on the total number of issued shares of 982,784,813 shares (including 872,557,313 A Shares and 110,227,500 H Shares) as at June 30, 2026. The percentage calculation includes 217,443 treasury A Shares repurchased by the Company pursuant to the repurchase mandate approved by the shareholders, representing approximately 0.02% of the total number of issued A Shares of the Company as at June 30, 2026.

(4) J. P. Morgan Securities (Asia Pacific) Limited as a Interest in controlled corporation was interested in 14,377,500 H Shares (long position). Such interests involve physically settled unlisted derivatives.

(5) Janchor Partners Limited had a long position in 5,739,260 H Shares as an investment manager, of which 2,800,700 shares involved cash settled unlisted derivatives.

Save as disclosed above, as at June 30, 2026, to the knowledge of the Directors of the Company, none of persons (other than Directors or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register referred to therein pursuant to section 336 of the SFO.

B. Interests of the Directors, Chief Executives and Other Senior Management in the Shares of the Company

As at June 30, 2026, to the best of the knowledge of the Directors of the Company, the interests and short position of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code were as follows:

Unit: Share

Name	Position	Nature of Interest	Class of Shares	Long Position/ Short Position	Number of Shares directly or indirectly held	Approximate % of the relevant class of shares (%)[1]	Approximate interest in the issued share capital of the Company (%)[1]
Mr. Chen Tao	Executive Director and chairman of the Board	Interest in controlled corporation[2]	A Shares	Long position	266,269,191 shares	30.52	27.09
		Interest of spouse[3]	A Shares	Long position	3,791,642 shares	0.43	0.39
Ms. Liu Chunlan	Executive Director (re-designated from a non-executive Director to an executive Director on August 27, 2026)	Beneficial owner[2]	A Shares	Long position	3,791,642 shares	0.43	0.39
		Interest of spouse[3]	A Shares	Long position	266,269,191 shares	30.52	27.09
Mr. Chen Yong	Executive Director and vice president	Beneficial owner[4]	A Shares	Long position	2,311,361 shares	0.26	0.24
Mr. Zhao Qixiang	Executive Director, president	Beneficial interest	A Shares	Long position	1,605,744 shares	0.18	0.16
Mr. Zhu Guoqiang	Chief financial officer	Beneficial interest	A Shares	Long position	1,302,444 shares	0.15	0.13
Mr. Wang Hui	Executive vice president	Beneficial interest	A Shares	Long position	500,000 shares	0.06	0.05
Mr. Xie Lanjun (謝蘭軍)	Independent non-executive Director	Beneficial interest	A Shares	Long position	6,500 shares	0.00	0.00
Ms. Wang Haiyan	Executive Director	Others[5]	H Shares	Long position	82,014 shares	0.07	0.01

Notes:

(1) The calculation is based on the total issued Shares of 982,784,813 shares as at June 30, 2026 (including 872,557,313 A Shares and 110,227,500 H Shares). The calculation of the percentage includes 217,443 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 0.02% of the total number of issued A Shares of our Company as at June 30, 2026.

(2) As at June 30, 2026, (a) Mr. Chen Tao and Ms. Liu Chunlan (spouse of Mr. Chen Tao) holds 90% and 10% of Shenghua Xinye, which holds 134,837,190 A Shares; (b) Mr. Chen Tao holds 70% of Hongda Investment, which in turns is the sole shareholder of Hong Kong Victory Giant which holds 131,432,001 A Shares. As such, Mr. Chen Tao will be deemed to be interested in the A Shares held by Shenghua Xinye and Hong Kong Victory Giant.

(3) As at June 30, 2026, Mr. Chen Tao had an interest in 266,269,191 A Shares through controlled corporations; Ms. Liu Chunlan had an interest in 3,791,642 A Shares as a beneficial owner, of which 640,000 A Shares were vested and issued under the 2022 Restricted A Share Incentive Scheme during the Period under Review. As they are spouses, each of them is also deemed to be interested in such A Shares held by the other pursuant to the SFO, therefore each of them is deemed to be interested in a total of 270,060,833 A Shares.

(4) On March 14, 2025, Mr. Chen Yong pledged his 1,240,000 A Shares to China Merchants Securities Co., Ltd. (招商證券股份有限公司), and such pledge was released on March 9, 2026. On March 6 and March 10, 2026, Mr. Chen Yong pledged 500,000 and 710,000 of A Shares held by him respectively to China Merchants Securities Co., Ltd.. Such pledged Shares were used as collateral for his personal loan and accounted for approximately 0.14% of the Company's total number of A Shares in issue as at June 30, 2026.

(5) Ms. Wang Haiyan is an eligible PRC employee selected by the listed company under the Preferential Offering to PRC Employees as set out in the Prospectus. She indirectly subscribed for the corresponding interest in 82,014 H Shares of the listed company through Guotai Junan Financial Products Co., Ltd. upon the listing of the listed company on the Main Board of The Stock Exchange of Hong Kong Limited on April 21, and such interest belongs to the interest under the reserved shares for PRC employees.

Save as disclosed above, as at June 30, 2026, to the knowledge of the Directors of the Company, none of the Directors or chief executives of the Company had any interests or short positions or interest in debentures in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Period under Review, the Group had no connected transactions or continuing connected transactions which were required to be disclosed pursuant to Chapter 14A of the Listing Rules.

MATERIAL LITIGATION, ARBITRATION AND PENALTIES

To the knowledge of the Company, during the Period under Review, the Group was not involved in any material litigation or arbitration, nor was it subject to any penalty or required to rectify any situation which had a material impact on the operations of the Group.

SUFFICIENT PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, as at the date of this announcement and this report, the Company has maintained sufficient public float of H Shares in accordance with Rule 19A.28B of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at June 30, 2026, none of the Directors of the Company or any of their respective associates engaged in any business that competes or may compete with the business of the Group, or had any other conflict of interest with the Group.

CORPORATE GOVERNANCE

The Company has always been committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders. During the period from the listing of the H Shares of the Company on the Hong Kong Stock Exchange on April 21, 2026 (the "Listing Date") to June 30, 2026, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Part 2 of Appendix C1 to the Listing Rules.

The Company will review and strengthen its corporate governance practices from time to time to ensure its continuous compliance with the requirements of the Corporate Governance Code.

On June 29, 2026, the amendments to the articles of association and its appendices as well as the amendments to the corporate governance systems such as the Policy of External Guarantee, the Management System of External Investments and the Proceeds Management System were considered and approved at the general meeting of the Company. The amended articles of association and relevant systems have become effective or have been implemented according to applicable rules. The Company convened a regular Board meeting on August 27, 2026 to consider and approve the interim results of the Group for the six months ended June 30, 2026 and this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code during the period from the Listing Date to June 30, 2026.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of Dr. Xie Lingmin, Mr. Xie Lanjun and Dr. Zhang Jihai, with Dr. Xie Lingmin serving as the chairman of the committee.

OTHER INFORMATION

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Dr. Zhang Jihai, Mr. Xie Lanjun and Mr. Zhao Qixiang, with Dr. Zhang Jihai serving as the chairman of the committee. The primary function of the Remuneration and Appraisal Committee is to develop remuneration policies for our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of Mr. Xie Lanjun, Dr. Xie Lingmin and Mr. Chen Tao, with Mr. Xie Lanjun serving as the chairman of the committee. The primary function of the Nomination Committee is to make recommendations to the Board in relation to the appointment and removal of Directors.

STRATEGY AND INVESTMENT COMMITTEE

The Company has established the Strategy and Investment Committee with written terms of reference. The primary duties of the Strategy and Investment Committee are to conduct research and make recommendations to the Board on the Company's medium and long-term development strategies, major investment decisions, sustainable development, and ESG policies. The Strategy and Investment Committee comprises three members, namely Mr. Chen Tao, Mr. Zhao Qixiang and Dr. Zhang Jihai, with Mr. Chen Tao serving as the chairman of the Strategy and Investment Committee.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Board of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended June 30, 2026. The Audit Committee is of the view that the interim results and the interim report comply with the applicable accounting standards, laws and regulations, and that appropriate disclosures have been made by the Company.

BASIS OF PREPARATION AND ACCOUNTING STANDARDS

The Company has historically adopted the China Accounting Standards for Business Enterprises to prepare domestic financial reports, and prepared financial information in accordance with the International Financial Reporting Standards for the purpose of H Share listing application. The Board resolved on June 12, 2026 that the Company shall uniformly adopt the China Accounting Standards for Business Enterprises to prepare financial reports with effect from the year 2026, and will not separately appoint an overseas audit firm; the shareholders have approved the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company for the year 2026 on June 29, 2026, which will be responsible for the audit work of the financial reports of the Company for the year 2026 for A Shares and H Shares. The abovementioned uniform adoption of the China Accounting Standards for Business Enterprises aims to improve the efficiency of preparation and disclosure of financial reports and reduce related costs; the Board considers that such change will not have any material impact on the results or financial position of the Group. The interim financial information contained in this report has been prepared in accordance with the China Accounting Standards for Business Enterprises and other relevant regulations promulgated by the Ministry of Finance of the PRC, and complies with the applicable disclosure requirements of Appendix D2 to the Listing Rules.

I. AUDIT REPORT

Whether the half-year report has been audited

☐ Yes ☑ No

The half-year financial report of the Company has not been audited.

II. FINANCIAL STATEMENTS

The unit in the notes to the financial statements is: RMB

1. Consolidated Balance Sheet

Prepared by: Victory Giant Technology (HuiZhou) Co., Ltd.

June 30, 2026

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Bank balances, deposits and cash	6,072,254,626.08	3,279,646,655.67
Settlement deposits		
Lending funds		
Financial assets held for trading	15,339,294,461.20	137,000,000.00
Derivative financial assets		
Notes receivables	137,065,597.63	189,774,750.06
Trade receivables	6,982,998,146.04	5,871,178,951.39
Financing receivables	82,990,563.06	69,600,183.61
Prepayment	94,830,853.91	78,258,966.69
Insurance receivables		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	314,048,125.76	352,096,827.90
Including: Interest receivable		
Dividends receivable		
Purchases of sell-back financial assets		
Inventories	5,889,639,980.56	3,162,360,350.96
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	524,293,849.33	373,876,550.32
Total current assets	35,437,416,203.57	13,513,793,236.60

II. FINANCIAL STATEMENTS (Continued)

1. Consolidated Balance Sheet (Continued)

Item	Closing balance	Opening balance
Non-current assets:		
Granted loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Investments in other equity instruments	**3,339,667,136.75**	2,854,295,042.63
Other non-current financial assets		
Investment properties		
Fixed assets	**11,844,099,528.53**	9,164,387,030.22
Construction in progress	**5,223,332,183.80**	3,609,874,903.28
Productive biological assets		
Oil and gas assets		
Right-of-use assets	**115,988,171.79**	98,106,598.32
Intangible assets	**915,186,807.39**	959,460,033.63
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	**1,131,535,046.56**	1,193,532,035.03
Long-term deferred expenses	**282,629,699.57**	210,898,232.43
Deferred income tax assets	**368,198,281.16**	343,262,644.51
Other non-current assets	**4,371,246,607.77**	3,296,877,231.24
Total non-current assets	**27,591,883,463.32**	21,730,693,751.29
Total assets	**63,029,299,666.89**	35,244,486,987.89

II. FINANCIAL STATEMENTS (Continued)

1. Consolidated Balance Sheet (Continued)

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	**3,239,192,978.03**	1,499,705,005.98
Borrowings from the central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities	**1,852,000.00**	1,736,000.00
Notes payables	**4,050,620,085.66**	3,383,995,541.19
Trade payables	**8,653,795,327.63**	7,141,945,058.65
Receipts in advance		
Contract liabilities	**15,774,087.90**	11,422,898.80
Proceeds from disposal of buy-back financial assets		
Customer bank deposits and due to banks and other financial institutions		
Securities brokerage deposits		
Securities underwriting brokerage deposits		
Salaries payable	**302,920,389.88**	278,916,039.29
Taxes payable	**599,785,454.49**	471,554,867.83
Other payables	**328,758,928.13**	238,290,382.79
Including: Interest payables		
Dividends payable		
Brokerage and commission payables		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	**1,047,515,849.41**	996,235,267.30
Other current liabilities	**5,363,406.88**	15,107,748.16
Total current liabilities	**18,245,578,508.01**	14,038,908,809.99

II. FINANCIAL STATEMENTS (Continued)

1. Consolidated Balance Sheet (Continued)

Item	Closing balance	Opening balance
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	5,991,859,133.51	3,867,436,349.78
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	92,056,330.72	82,319,558.64
Long-term payables		
Long-term salaries payable	4,893,798.82	5,170,800.21
Estimated liabilities	10,443,261.84	10,891,269.23
Deferred income	77,210,720.53	80,270,921.08
Deferred income tax liabilities	696,787,302.47	540,709,145.67
Other non-current liabilities	1,171,689.72	1,171,689.72
Total non-current liabilities	6,874,422,237.61	4,587,969,734.33
Total liabilities	25,120,000,745.62	18,626,878,544.32
Owners' equity:		
Share capital	982,784,813.00	870,349,313.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	25,328,356,180.35	5,387,282,436.84
Less: Treasury shares	5,433,572.43	5,433,572.43
Other comprehensive income	2,115,379,512.42	1,994,270,579.31
Special reserve	9,542,188.16	8,986,240.46
Surplus reserve	476,717,063.58	476,717,063.58
General risk reserve		
Undistributed profits	9,001,952,736.19	7,885,436,382.81
Total equity attributable to owners of the parent company	37,909,298,921.27	16,617,608,443.57
Minority interests		
Total owners' equity	37,909,298,921.27	16,617,608,443.57
Total liabilities and owners' equity	63,029,299,666.89	35,244,486,987.89

Legal representative: Chen Tao   Chief financial officer: Zhu Guoqiang   Head of accounting section: Zhu Guoqiang

II. FINANCIAL STATEMENTS (Continued)

2. Balance Sheet of the Parent Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Bank balances, deposits and cash	**5,122,643,263.74**	1,396,418,167.57
Financial assets held for trading	**14,270,636,850.00**	137,000,000.00
Derivative financial assets		
Notes receivables	**117,918,177.47**	145,852,115.31
Trade receivables	**7,617,454,056.64**	5,831,664,350.76
Financing receivables	**82,070,692.75**	69,600,183.61
Prepayment	**55,910,866.69**	36,226,342.91
Other receivables	**706,659,814.23**	806,021,379.30
Including: Interest receivable		
Dividends receivable		
Inventories	**5,063,858,495.02**	2,464,124,651.38
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	**421,701,430.10**	271,009,612.12
Total current assets	**33,458,853,646.64**	11,157,916,802.96

II. FINANCIAL STATEMENTS (Continued)

2. Balance Sheet of the Parent Company (Continued)

Item	Closing balance	Opening balance
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	**4,858,031,015.91**	4,858,031,015.91
Investments in other equity instruments	**3,168,655,557.84**	2,683,283,463.72
Other non-current financial assets		
Investment properties		
Fixed assets	**9,420,115,500.20**	7,574,771,795.96
Construction in progress	**3,387,608,107.85**	2,740,340,047.92
Productive biological assets		
Oil and gas assets		
Right-of-use assets	**13,439,648.04**	7,588,747.52
Intangible assets	**100,512,146.42**	103,181,030.90
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term deferred expenses	**121,536,264.81**	95,405,976.05
Deferred income tax assets	**281,313,474.19**	280,507,699.76
Other non-current assets	**3,641,725,610.30**	1,613,949,770.62
Total non-current assets	**24,992,937,325.56**	19,957,059,548.36
Total assets	**58,451,790,972.20**	31,114,976,351.32

II. FINANCIAL STATEMENTS (Continued)

2. Balance Sheet of the Parent Company (Continued)

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	2,577,876,161.07	1,074,705,005.98
Financial liabilities held for trading		
Derivative financial liabilities	1,852,000.00	1,736,000.00
Notes payables	4,147,956,923.19	3,603,598,016.47
Trade payables	6,899,921,669.30	5,056,104,827.09
Receipts in advance		
Contract liabilities	10,527,131.37	1,686,431.76
Salaries payable	190,625,179.05	161,741,826.04
Taxes payable	512,390,560.24	405,076,178.91
Other payables	514,025,835.26	300,105,060.15
Including: Interest payables		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	980,860,368.52	977,585,678.45
Other current liabilities	2,707,348.35	8,265,468.69
Total current liabilities	15,838,743,176.35	11,590,604,493.54
Non-current liabilities:		
Long-term borrowings	5,882,618,888.64	3,859,807,641.68
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	5,673,941.24	2,732,163.12
Long-term payables		
Long-term salaries payable		
Estimated liabilities		
Deferred income	60,983,230.53	64,415,116.23
Deferred income tax liabilities	451,104,392.92	347,574,213.47
Other non-current liabilities		
Total non-current liabilities	6,400,380,453.33	4,274,529,134.50
Total liabilities	22,239,123,629.68	15,865,133,628.04

II. FINANCIAL STATEMENTS (Continued)

2. Balance Sheet of the Parent Company (Continued)

Item	Closing balance	Opening balance
Owners' equity:		
Share capital	982,784,813.00	870,349,313.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	25,333,733,609.26	5,392,659,865.75
Less: Treasury shares	5,433,572.43	5,433,572.43
Other comprehensive income	2,382,153,489.59	1,969,587,209.57
Special reserve		
Surplus reserve	476,179,320.69	476,179,320.69
Undistributed profits	7,043,249,682.41	6,546,500,586.70
Total owners' equity	36,212,667,342.52	15,249,842,723.28
Total liabilities and owners' equity	58,451,790,972.20	31,114,976,351.32

II. FINANCIAL STATEMENTS (Continued)

3. Consolidated Income Statement

Unit: RMB

Item	First half of 2026	First half of 2025
I. Total operating income	11,629,367,290.81	9,030,866,364.08
Including: Operating income	11,629,367,290.81	9,030,866,364.08
Interest income		
Insurance premium earned		
Brokerage and commission income		
II. Total operating cost	8,846,292,131.20	6,523,701,872.98
Including: Operating cost	7,765,934,717.93	5,759,665,083.00
Interest expenses		
Brokerage and commission expenses		
Surrenders		
Net compensation expenses		
Net charge of insurance liability reserve		
Policyholder dividend expenses		
Reinsurance premiums		
Taxes and surcharges	28,130,575.27	24,305,411.88
Selling expenses	104,725,060.45	118,789,473.01
Administrative expenses	291,656,989.16	230,820,193.53
Research and development expenses	359,165,219.16	352,772,902.31
Finance expenses	296,679,569.23	37,348,809.25
Including: Interest expenses	110,062,017.22	65,021,099.81
Interest income	38,066,861.91	6,977,425.65
Add: Other income	21,713,928.13	21,700,379.86
Return on investment (“–” for loss)	-3,529,962.68	52,180.00
Including: Gain on investment in associates and joint ventures		
Gain on derecognition of financial assets measured at amortized cost		
Exchange gains (“–” for loss)		
Incomes from net exposure hedging (“–” for loss)		
Gains from changes in fair value (“–” for loss)	594,820,131.07	29,066.06
Losses from credit impairment (“–” for loss)	-4,827,187.81	-24,125,344.22
Losses from asset impairment (“–” for loss)	-14,846,217.61	-27,762,351.15
Gains from asset disposal (“–” for loss)	-29,174,455.47	-11,215,084.55

II. FINANCIAL STATEMENTS (Continued)

3. Consolidated Income Statement (Continued)

Item	First half of 2026	First half of 2025
III. Operating profit ("–" for loss)	3,347,231,395.24	2,465,843,337.10
Add: Non-operating income	3,970,612.96	636,377.59
Less: Non-operating expenses	57,212,100.45	12,873,882.29
IV. Total profit ("–" for loss)	3,293,989,907.75	2,453,605,832.40
Less: Income tax expenses	437,210,969.51	310,486,023.15
V. Net profit ("–"for net loss)	2,856,778,938.24	2,143,119,809.25
(I) Classified by continued operation		
1. Net profit of continuous operation ("–"for net loss)	2,856,778,938.24	2,143,119,809.25
2. Net profit of terminated operation ("–" for net loss)		
(II) Classified by attributable ownership		
1. Net profit attributable to the shareholders of the parent ("–" for net loss)	2,856,778,938.24	2,143,119,809.25
2. Loss or profit attributable to minority interests ("–" for net loss)		
VI. Other comprehensive income, net of tax	121,108,933.11	178,471,789.58
Other comprehensive income attributable to owners of the parent company, net of tax	121,108,933.11	178,471,789.58
(I) Other comprehensive income that may not be reclassified to profit or loss	412,566,280.02	184,876,399.05
1. Changes on remeasurement of defined benefit plans		
2. Other comprehensive income that may not be transferred to profit or loss under equity accounting		
3. Fair value changes in investments in other equity instruments	412,566,280.02	184,876,399.05
4. Fair value changes in credit risk of the Company		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-291,457,346.91	-6,404,609.47
1. Other comprehensive income that may be transferred to profit or loss under equity accounting		
2. Fair value changes in other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Credit-impaired provision for other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of foreign operations	-291,457,346.91	-6,404,609.47
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax		

II. FINANCIAL STATEMENTS (Continued)

3. Consolidated Income Statement (Continued)

Item	First half of 2026	First half of 2025
VII. Total comprehensive income	**2,977,887,871.35**	2,321,591,598.83
Total comprehensive income attributable to owners of the parent company	**2,977,887,871.35**	2,321,591,598.83
Total comprehensive income attributable to minority interests		
VIII. Earnings per share:		
(I) Basic earnings per share	**3.14**	2.50
(II) Diluted earnings per share	**3.14**	2.50

Where business combinations under common control occurred in the period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: Chen Tao Chief financial officer: Zhu Guoqiang Head of accounting section: Zhu Guoqiang

II. FINANCIAL STATEMENTS (Continued)

4. Income Statement of Parent Company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Operating income	10,062,116,075.01	7,726,325,558.29
Less: Operating cost	6,783,652,518.95	4,959,300,989.97
Taxes and surcharges	19,522,268.26	12,745,548.84
Selling expenses	71,441,241.28	73,998,796.61
Administrative expenses	177,504,352.25	141,920,166.61
Research and development expenses	274,546,566.82	286,633,315.14
Finance expenses	299,974,024.44	57,765,570.53
Including: Interest expenses	102,924,147.92	63,020,056.67
Interest income	31,375,377.19	3,831,384.73
Add: Other income	10,131,294.64	5,069,781.60
Return on investment ("–" for loss)	3,435,066.22	52,180.00
Including: Gain on investment in associates and joint ventures		
Gain on derecognition of financial assets measured at amortized cost		
Incomes from net exposure hedging ("–" for loss)		
Gains from changes in fair value ("–" for loss)	204,829,102.32	
Losses from credit impairment ("–" for loss)	-1,497,391.84	-16,303,420.42
Losses from asset impairment ("–" for loss)	-4,875,661.58	-21,566,298.14
Gains from asset disposal ("–" for loss)	-29,348,702.71	-9,264,095.49
II. Operating profit ("–" for loss)	2,618,148,810.06	2,151,949,318.14
Add: Non-operating income	1,342,700.00	152,596.71
Less: Non-operating expenses	46,753,465.26	6,172,341.04
III. Total profit ("–" for loss)	2,572,738,044.80	2,145,929,573.81
Less: Income tax expenses	335,726,364.23	292,854,775.62
IV. Net profit ("–" for net loss)	2,237,011,680.57	1,853,074,798.19
(I) Net profit of continuous operation ("–" for net loss)	2,237,011,680.57	1,853,074,798.19
(II) Net profit of terminated operation ("–" for net loss)		

II. FINANCIAL STATEMENTS (Continued)

4. Income Statement of Parent Company (Continued)

Item	First half of 2026	First half of 2025
V. Other comprehensive income, net of tax	**412,566,280.02**	184,876,399.05
(I) Other comprehensive income that may not be reclassified to profit or loss	**412,566,280.02**	184,876,399.05
1. Changes on remeasurement of defined benefit plans		
2. Other comprehensive income that may not be transferred to profit or loss under equity accounting		
3. Fair value changes in investments in other equity instruments	**412,566,280.02**	184,876,399.05
4. Fair value changes in credit risk of the Company		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that may be transferred to profit or loss under equity accounting		
2. Fair value changes in other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Credit-impaired provision for other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of foreign operations		
7. Others		
VI. Total comprehensive income	**2,649,577,960.59**	2,037,951,197.24
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

II. FINANCIAL STATEMENTS (Continued)

5. Consolidated Statement of Cash Flows

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	**10,346,619,168.17**	7,079,708,769.80
Net increase in customer bank deposits and due to banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received from receiving insurance premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits from policyholders and investments		
Cash received of interests, fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business capital		
Net cash proceeds from securities brokerage		
Receipts of tax refunds	**1,370,302,716.64**	435,335,616.47
Other cash received relating to operating activities	**249,359,237.36**	57,880,864.22
Subtotal of cash inflows from operating activities	**11,966,281,122.17**	7,572,925,250.49
Cash paid for purchasing goods and receiving services	**6,753,870,104.96**	4,747,713,269.49
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Cash paid for compensation of original insurance contract		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	**1,407,003,946.82**	1,059,332,127.81
Cash paid for taxes	**446,676,236.50**	244,955,455.14
Other cash paid relating to operating activities	**447,555,550.89**	330,798,282.81
Subtotal of cash outflows from operating activities	**9,055,105,839.17**	6,382,799,135.25
Net cash flows from operating activities	**2,911,175,283.00**	1,190,126,115.24

II. FINANCIAL STATEMENTS (Continued)

5. Consolidated Statement of Cash Flows (Continued)

Item	First half of 2026	First half of 2025
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from gains on investments	3,435,066.22	52,180.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets	14,363,572.73	1,915,704.02
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	137,116,000.00	9,586,268.46
Subtotal of cash inflows from investing activities	154,914,638.95	11,554,152.48
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	7,076,060,987.42	2,159,024,136.69
Cash paid for acquisition of investments	726,864,537.15	
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units	286,110,124.77	
Other cash paid relating to investing activities	14,024,574,821.88	
Subtotal of cash outflows from investing activities	22,113,610,471.22	2,159,024,136.69
Net cash flows from investing activities	-21,958,695,832.27	-2,147,469,984.21
III. Cash flows from financing activities:		
Cash received from capital contributions	20,088,409,171.61	
Including: Cash received from minority shareholder investment by subsidiaries		
Borrowings received	4,858,373,538.93	2,383,449,708.10
Other cash received relating to financing activities	651,660.00	662,358,241.42
Subtotal of cash inflows from financing activities	24,947,434,370.54	3,045,807,949.52
Cash repayments of amounts borrowed	934,596,334.57	1,566,402,826.98
Cash paid for dividend and profit distribution or interest payment	1,842,783,297.09	315,592,060.56
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	22,805,873.36	52,834,012.69
Subtotal of cash outflows from financing activities	2,800,185,505.02	1,934,828,900.23
Net cash flows from financing activities	22,147,248,865.52	1,110,979,049.29
IV. Effect of foreign exchange rate change on cash and cash equivalents	-306,468,685.84	22,219,528.83
V. Net increase in cash and cash equivalents	2,793,259,630.41	175,854,709.15
Add: Balance of cash and cash equivalents at the beginning of the period	3,206,581,146.36	926,645,908.54
VI. Balance of cash and cash equivalents at the end of the period	5,999,840,776.77	1,102,500,617.69

II. FINANCIAL STATEMENTS (Continued)

6. Statement of Cash Flows of the Parent Company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	8,429,798,649.71	5,601,291,457.93
Receipts of tax refunds	1,308,503,641.98	408,539,410.26
Other cash received relating to operating activities	225,688,993.11	19,171,817.35
Subtotal of cash inflows from operating activities	9,963,991,284.80	6,029,002,685.54
Cash paid for purchasing goods and receiving services	6,189,756,580.51	4,130,884,104.13
Cash paid to and on behalf of employees	1,028,811,565.63	773,084,001.12
Cash paid for taxes	343,304,102.23	166,453,134.40
Other cash paid relating to operating activities	298,368,549.60	273,053,256.33
Subtotal of cash outflows from operating activities	7,860,240,797.97	5,343,474,495.98
Net cash flows from operating activities	2,103,750,486.83	685,528,189.56
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from gains on investments	3,435,066.22	52,180.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets	13,961,999.89	1,077,800.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	137,116,000.00	9,586,268.46
Subtotal of cash inflows from investing activities	154,513,066.11	10,716,248.46
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	6,087,774,571.84	1,600,841,729.23
Cash paid for acquisition of investments	41,232,925.80	251,408,600.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities	14,024,574,821.88	
Subtotal of cash outflows from investing activities	20,153,582,319.52	1,852,250,329.23
Net cash flows from investing activities	-19,999,069,253.41	-1,841,534,080.77

II. FINANCIAL STATEMENTS (Continued)

6. Statement of Cash Flows of the Parent Company (Continued)

Item	First half of 2026	First half of 2025
III. Cash flows from financing activities:		
Cash received from capital contributions	20,088,409,171.61	
Borrowings received	4,356,487,251.47	2,383,449,708.10
Other cash received relating to financing activities	651,660.00	662,358,150.63
Subtotal of cash inflows from financing activities	24,445,548,083.08	3,045,807,858.73
Cash repayments of amounts borrowed	817,923,877.21	1,566,402,826.98
Cash paid for dividend and profit distribution or interest payment	1,837,320,463.27	315,595,723.16
Other cash paid relating to financing activities	9,751,868.84	41,681,599.90
Subtotal of cash outflows from financing activities	2,664,996,209.32	1,923,680,150.04
Net cash flows from financing activities	21,780,551,873.76	1,122,127,708.69
IV. Effect of foreign exchange rate change on cash and cash equivalents	-158,356,351.01	32,487,699.52
V. Net increase in cash and cash equivalents	3,726,876,756.17	-1,390,483.00
Add: Balance of cash and cash equivalents at the beginning of the period	1,323,452,658.26	410,793,606.72
VI. Balance of cash and cash equivalents at the end of the period	5,050,329,414.43	409,403,123.72

II. FINANCIAL STATEMENTS (Continued)

7. Consolidated Statement of Changes in Owners' Equity

Amount for the Period

Unit: RMB

Item	First half of 2026														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	870,349,313.00				5,387,282,436.84	5,433,572.43	1,994,270,579.31	8,986,240.46	476,717,063.58		7,885,436,382.81		16,617,608,443.57		16,617,608,443.57
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance of the year	870,349,313.00				5,387,282,436.84	5,433,572.43	1,994,270,579.31	8,986,240.46	476,717,063.58		7,885,436,382.81		16,617,608,443.57		16,617,608,443.57
III. Increase/decrease during the period ("–" for decrease)	112,435,500.00				19,941,073,743.51		121,108,933.11	555,947.70			1,116,516,353.38		21,291,690,477.70		21,291,690,477.70
(I) Total comprehensive income							121,108,933.11				2,856,778,938.24		2,977,887,871.35		2,977,887,871.35
(II) Owners' contribution and reduction of capital	112,435,500.00				19,941,073,743.51								20,053,509,243.51		20,053,509,243.51
1. Ordinary shares contributed by owners	112,435,500.00				19,941,073,743.51								20,053,509,243.51		20,053,509,243.51
2. Capital contributed by holders of other equity instruments															
3. Amounts of share-based payments recognised in owners' equity															
4. Others															
(III) Distribution of Profits											-1,740,262,584.86		-1,740,262,584.86		-1,740,262,584.86
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distributions to owners (or shareholders)											-1,740,262,584.86		-1,740,262,584.86		-1,740,262,584.86
4. Others															
(IV) Internal transfer of owner's equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserve to offset losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								555,947.70					555,947.70		555,947.70
1. Appropriation for the current period								4,670,059.32					4,670,059.32		4,670,059.32
2. Utilization for the current period								4,114,111.62					4,114,111.62		4,114,111.62
(VI) Others															
IV. Closing balance of the current period	982,784,813.00				25,328,356,180.35	5,433,572.43	2,115,379,512.42	9,542,188.16	476,717,063.58		9,001,952,736.19		37,909,298,921.27		37,909,298,921.27

II. FINANCIAL STATEMENTS (Continued)

7. Consolidated Statement of Changes in Owners' Equity (Continued)

Amounts for the prior year

Unit: RMB

Item	First half of 2025														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	862,688,641.00				3,266,915,988.39	84,404,402.87	567,426,347.34	7,565,435.66	476,717,063.58		3,831,024,337.01		8,927,933,410.11		8,927,933,410.11
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Opening balance of the year	862,688,641.00				3,266,915,988.39	84,404,402.87	567,426,347.34	7,565,435.66	476,717,063.58		3,831,024,337.01		8,927,933,410.11		8,927,933,410.11
III. Increase/decrease during the period ("–" for decrease)					4,759,959.19	41,681,599.90	178,471,789.58	454,617.84			1,885,543,580.65		2,027,548,347.36		2,027,548,347.36
(I) Total comprehensive income							178,471,789.58				2,143,119,809.25		2,321,591,598.83		2,321,591,598.83
(II) Owners' contribution and reduction of capital					4,759,959.19	41,681,599.90							-36,921,640.71		-36,921,640.71
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amounts of share-based payments recognised in owners' equity					4,759,959.19								4,759,959.19		4,759,959.19
4. Others						41,681,599.90							-41,681,599.90		-41,681,599.90
(III) Distribution of Profits											-257,576,228.60		-257,576,228.60		-257,576,228.60
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distributions to owners (or shareholders)											-257,576,228.60		-257,576,228.60		-257,576,228.60
4. Others															
(IV) Internal transfer of owner's equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserve to offset losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								454,617.84					454,617.84		454,617.84
1. Appropriation for the current period								3,449,881.52					3,449,881.52		3,449,881.52
2. Utilization for the current period								2,995,263.68					2,995,263.68		2,995,263.68
(VI) Others															
IV. Closing balance of the current period	862,688,641.00				3,271,675,947.58	126,086,002.77	745,898,136.92	8,020,053.50	476,717,063.58		5,716,567,917.66		10,955,481,757.47		10,955,481,757.47

II. FINANCIAL STATEMENTS (Continued)

8. Statement of Changes in Owners' Equity of the Company

Amount for the period

Unit: RMB

	First half of 2026											
		Other equity instruments										
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
I. Balance at the end of prior year	870,349,313.00				5,392,659,865.75	5,433,572.43	1,969,587,209.57		476,179,320.69	6,546,500,586.70		15,249,842,723.28
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. Opening balance of the year	870,349,313.00				5,392,659,865.75	5,433,572.43	1,969,587,209.57		476,179,320.69	6,546,500,586.70		15,249,842,723.28
III. Increase/decrease during the period ("–" for decrease)	112,435,500.00				19,941,073,743.51		412,566,280.02			496,749,095.71		20,962,824,619.24
(I) Total comprehensive income							412,566,280.02			2,237,011,680.57		2,649,577,960.59
(II) Owners' contribution and reduction of capital	112,435,500.00				19,941,073,743.51							20,053,509,243.51
1. Ordinary shares contributed by owners	112,435,500.00				19,941,073,743.51							20,053,509,243.51
2. Capital contributed by holders of other equity instruments												
3. Amounts of share-based payments recognised in owners' equity												
4. Others												
(III) Distribution of Profits										-1,740,262,584.86		-1,740,262,584.86
1. Appropriation to surplus reserve												
2. Distributions to owners (or shareholders)										-1,740,262,584.86		-1,740,262,584.86
3. Others												
(IV) Internal transfer of owner's equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserve to offset losses												
4. Change in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation for the current period												
2. Utilization for the current period												
(VI) Others												
IV. Closing balance of the current period	982,784,813.00				25,333,733,609.26	5,433,572.43	2,382,153,489.59		476,179,320.69	7,043,249,682.41		36,212,667,342.52

II. FINANCIAL STATEMENTS (Continued)

8. Statement of Changes in Owners' Equity of the Company (Continued)

Amount for the previous period

Unit: RMB

	First half of 2025											
		Other equity instruments										
Item	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
I. Balance at the end of prior year	862,688,641.00				3,272,293,417.30	84,404,402.87	543,119,835.80		476,179,320.69	3,010,851,251.67		8,080,728,063.59
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
II. Opening balance of the year	862,688,641.00				3,272,293,417.30	84,404,402.87	543,119,835.80		476,179,320.69	3,010,851,251.67		8,080,728,063.59
III. Increase/decrease during the period ("–" for decrease)					4,759,959.19	41,681,599.90	184,876,399.05			1,595,498,569.59		1,743,453,327.93
(I) Total comprehensive income							184,876,399.05			1,853,074,798.19		2,037,951,197.24
(II) Owners' contribution and reduction of capital					4,759,959.19	41,681,599.90						-36,921,640.71
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amounts of share-based payments recognised in owners' equity					4,759,959.19							4,759,959.19
4. Others						41,681,599.90						-41,681,599.90
(III) Distribution of Profits										-257,576,228.60		-257,576,228.60
1. Appropriation to surplus reserve												
2. Distributions to owners (or shareholders)										-257,576,228.60		-257,576,228.60
3. Others												
(IV) Internal transfer of owner's equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserve to offset losses												
4. Change in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation for the current period												
2. Utilization for the current period												
(VI) Others												
IV. Closing balance of the current period	862,688,641.00				3,277,053,376.49	126,086,002.77	727,996,234.85		476,179,320.69	4,606,349,821.26		9,824,181,391.52

III. BASIC CORPORATE INFORMATION

Registered Chinese name of the Company: 勝宏科技(惠州)股份有限公司
Registered address: Hangcheng Technology Park, Xinqiao Village, Danshui Town, Huiyang District, Huizhou
Legal representative: Chen Tao
Registered capital: RMB982,784,813.00
Share capital: RMB982,784,813.00
Business scope: General business activities: Manufacturing of electronic components; wholesale of electronic components; retail of electronic components; research and development of special-purpose electronic materials (Except for projects that require approval in accordance with the law, the Company may independently conduct business activities in accordance with the law based on its business license) (The above projects do not involve special administrative measures for foreign investment access)

The financial statements were approved and authorized for issue by the Board of Directors on August 27, 2026.

IV. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard and various specific accounting standards, the application guidance for the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance, as well as the relevant provisions of the Rules for the Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

2. Going concern

The financial statements are prepared on a going concern basis.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Notes to specific accounting policies and accounting estimates:

None

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and truly and completely reflect the consolidated and parent company's financial position of the Company as at June 30, 2026, as well as the consolidated and parent company's operating results and cash flows for the half year of 2026.

2. Accounting period

The accounting year is from January 1 to December 31 in calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The Company adopts Renminbi as its functional currency. The subsidiaries of the Company determine their functional currencies based on the primary economic environments in which they operate. The functional currency of VGTPCB INC., Pole Star Limited, MFS Technology (S) Pte Ltd., and Victory Giant Technology (S) Pte Ltd is US Dollar, the functional currency of Hongxing International Co., Ltd. is Japanese Yen, the functional currency of MFS Technology (M) Sdn. Bhd. is Malaysian Ringgit, the functional currency of MFS Technology Europe UG is Euro, the functional currency of Victory Giant Technology (Vietnam) Co., Ltd is Vietnamese Dong, and the functional currency of Victory Giant Technology (Thailand) Co., Ltd. is Thai Baht. The financial statements are presented in Renminbi.

5. Determination of materiality criteria and basis for selection

☐ Applicable ☑ Not applicable

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

6. Accounting treatments for business combinations under common control and not under common control

Business combination under common control: The assets and liabilities acquired from business combination by the combining entity (including the goodwill formed by the acquisition by the ultimate controller of the combinee) are measured at carrying amount of assets and liabilities in the consolidated financial statements of the ultimate controller on the combination date. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid (or the total par value of shares issued) shall be adjusted against share premium in capital reserve. If the share premium in capital reserve is insufficient, it shall be adjusted against retained earnings.

Business combinations not under common control: The cost of combination is the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the acquirer at the acquisition date to obtain control. Where the cost of combination is higher than the acquirer's share of the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognise such difference as goodwill; where the cost of combination is less than the acquirer's share of the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference is recognised in profit or loss for the period. The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in a business combination that meet the recognition criteria are measured at fair value at the acquisition date.

Direct-related costs arising from the business combination are included in profit or loss for the current period when incurred. Transaction expenses on equity or debt securities issued by the acquirer for the purpose of the business combination are included in the initial recognition amount of equity or debt securities.

7. Determination of control and preparation of consolidated financial statements

1. Criteria for assessing control

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable returns through participating in activities related to the investee, and has the ability to affect the Company's return through the power over the investee.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

7. Determination of control and preparation of consolidated financial statements (Continued)

2. Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognized in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

The portion of the subsidiary owners' equity, current net profit or loss, and current comprehensive income attributable to the minority shareholders are separately listed under the owner's equity item in the consolidated balance sheet, the net profit item and the total comprehensive income item in the consolidated income statement. Where the current loss shared by the minority shareholders of the subsidiary exceeds the balance formed by the minority shareholders' share of the beginning owner's equity of the subsidiary, the excess offsets the minority shareholders' equity.

(1) Additions of subsidiaries or businesses

During the Period under Review, where the Company acquired subsidiaries or businesses from the business combination under common control, the results of operations and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the Period under Review are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination had existed since the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognised from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the opening retained earnings or the profit or loss for the current period for comparative financial statements.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

7. Determination of control and preparation of consolidated financial statements (Continued)

2. Consolidation procedures (Continued)

(1) Additions of subsidiaries or businesses (Continued)

During the Period under Review, if the Company acquired subsidiaries or businesses from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities are included in the consolidated financial statements from the acquisition date based on their fair values determined on the acquisition date.

Where control can be exercised on the investee not under common control due to additional investment or other reasons, the equity of the investee held before the acquisition date is remeasured at the fair value at such acquisition date, with the difference between the fair value and the carrying amount included in investment income for the current period. Other comprehensive income to be subsequently reclassified to profit or loss and changes of other owner's equity under the equity method, which are related to the equity of the investee held before the acquisition date, are transferred to investment income for the current period in which the acquisition date falls.

(2) Disposal of subsidiaries

① General treatment

If control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal is remeasured at its fair value on the date of loss of control. The difference between the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity interest, and the sum of the share of net assets of the original subsidiary continuously calculated from the acquisition date or combination date based on the original shareholding ratio and the goodwill, is included in the investment income for the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that can be subsequently reclassified into profit or loss, and other changes in owner's equity under the equity method accounting are transferred to current investment income when the control is lost.

8. Classification of joint arrangements and accounting treatment for joint operations

☐ Applicable ☑ Not applicable

9. Criteria for determining cash and cash equivalents

Cash comprises the Company's cash on hand and deposits that are available for payment at any time. Cash equivalents are investments held by the Company that are short-term, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

10. Translation of transactions and financial statements denominated in foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into RMB at the spot exchange rate on the day when the transaction occurs.

At the balance sheet date, monetary items denominated in foreign currency are converted using the spot exchange rate on the balance sheet date. Exchange differences are recognized in profit or loss for the current period, except for those arising from specific borrowings denominated in foreign currency related to the purchase or construction of assets qualified for capitalization, which should be capitalized as cost of the borrowings.

2. Translation of foreign currency financial statements

The assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date. The owners' equity items are converted at the spot exchange rate when the transactions occur except for the "undistributed profits". The revenue and expense items in the income statement are translated at the average exchange rate for the current year.

11. Financial instruments

A financial asset, financial liability or equity instrument is recognized when the Company becomes a party to the contract of the financial instruments.

Classification of financial instruments

Based on the Company's business model for managing financial assets and contractual cash flow characteristics of the same, financial assets are classified at initial recognition as: financial assets measured at the amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

The Company classifies financial assets that meet both of the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets measured at amortised cost:

– the objective of the business model is to collect contractual cash flows;

– the contractual cash flows are solely payments of principal and interest on the outstanding principal amount.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Classification of financial instruments (Continued)

The Company classifies financial assets that meet both of the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

– the objective of the business model is achieved by both collecting contractual cash flows and selling such financial assets;

– the contractual cash flows are solely payments of the principal and the interest on the outstanding principal amount.

At initial recognition, the Company may irrevocably designate an investment in a non-trading equity instrument as financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are classified as financial assets measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through profit or loss:

1) Such designation eliminates, or significantly reduces, an accounting mismatch.

2) Management and performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio on the basis of fair value are conducted in accordance with the enterprise risk management or investment strategy set out in the formal written document, and report is made to key management personnel on this basis within the enterprise.

3) The financial liability contains the embedded derivative which needs to be separated.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Basis of recognition and measurement method of financial instruments

(1) *Financial assets measured at amortised cost*

Financial assets measured at amortised cost include notes receivables, trade receivables, other receivables, long-term receivables, and debt investments, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; trade receivables without a significant financing component and trade receivables for which the Company has determined not to consider the financing component with a term of one year or less, are initially measured at the contract transaction price.

During the holding period, interest calculated with the effective interest method is included in profit or loss for the current period.

Upon recovery or disposal, the difference between the proceeds and the carrying amount of the financial asset is included in profit or loss for the current period.

(2) *Financial assets measured at fair value through other comprehensive income (debt instruments)*

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other debt investments, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to profit or loss for the current period.

(3) *Financial assets measured at fair value through other comprehensive income (equity instruments)*

Financial assets (equity instruments) measured at fair value through other comprehensive income, including investments in other equity instruments are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income. The dividends obtained are included in profit or loss for the current period.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Basis of recognition and measurement method of financial instruments (Continued)

(4) *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss, including financial assets held for trading, derivative financial assets and other non-current financial assets, are initially measured at fair value, and relevant transaction costs are included in profit or loss for the current period. The financial assets are subsequently measured at fair value, with changes in fair value included in the current profit or loss.

(5) *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss, including financial liabilities held for trading, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognised in profit or loss for the current period. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognised in profit or loss for the current period.

At derecognition, the difference between the carrying amount and the consideration paid is recognized in profit or loss for the current period.

(6) *Financial liabilities measured at amortised cost*

Financial liabilities measured at amortised cost include short-term borrowings, notes payables, trade payables, other payables, long-term borrowings, bonds payable and long-term payables. These financial liabilities are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

During the holding period, the interest calculated with the effective interest method is included in profit or loss for the current period.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in profit or loss for the current period.

Derecognition of financial assets and basis of recognition and measurement method for financial asset transfers

The Company derecognises a financial asset if it meets one of the following conditions:

– The contractual right to receive the cash flow of the financial asset is terminated;

– The financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;

– The financial asset has been transferred, and although the Company has neither transferred nor retained substantially all of the risks and rewards of the ownership of the financial asset, it has not retained control of the financial asset.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Derecognition of financial assets and basis of recognition and measurement method for financial asset transfers (Continued)

If the Company and the counterparty modify or renegotiate a contract, and the contract terms are substantially different, the original financial asset is derecognized and a new financial asset is recognized based on the new contract terms.

At the transfer of financial assets, where substantially all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets are not derecognized.

When assessing whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted.

The Company classifies the transfer of financial assets into a whole transfer and a partial transfer of financial assets. For a whole transfer of a financial asset that qualifies for derecognition, the difference between the two amounts below is recognized in profit or loss for the current period:

(1) The carrying amount of transferred financial assets.

(2) The sum of the consideration received as a result of the transfer and the accumulated changes in fair value which were previously directly included in owner's equity (the financial asset involved in transfer is the financial asset measured at fair value through other comprehensive income (debt instruments)).

Where partial transfer of financial assets meets the derecognition conditions, the entire carrying amount of the financial assets transferred is allocated between the derecognized part and the part that continues to be recognized based on the relative fair value, and the difference between the following two amounts is included in the profit or loss for the current period:

(1) The carrying amount of the derecognized part;

(2) The sum of the consideration for the derecognized part and the portion of the cumulative amount of the changes in the fair value of the derecognized parts originally recognized in the owners' equity (such financial assets in transfer are those measured at fair value with changes included in other comprehensive income (debt instruments)).

Where the transfer of financial assets does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Derecognition of financial liabilities

A financial liability (or a part thereof) is derecognized only when the present obligation is discharged in full or in part; if an agreement is entered into between the Company and a creditor to replace the existing financial liabilities by assuming new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities are derecognized and the new financial liabilities are recognized.

If substantial modifications are made to all or part of the contractual terms of the existing financial liability, the existing financial liability or part thereof is derecognized, and the financial liability with the terms modified is recognized as a new financial liability.

When the recognition of a financial liability is terminated in whole or in part, the difference between the carrying amount of the financial liability terminated and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recorded into profit or loss for the current period.

Where the Company redeems part of its financial liabilities, it allocates, on the redemption date, the entire carrying amount of whole financial liabilities according to the relative fair value of the part that continues to be recognized and the derecognized part. The difference between the carrying amount allocated to the derecognized part and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) is included in profit or loss for the current period.

Determination of fair value of financial assets and financial liabilities

For financial instruments with an active market, their fair values are determined based on quoted prices in the active market. For financial instruments without an active market, their fair values are determined using valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in transactions involving the relevant assets or liabilities, and prioritises the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or impracticable to obtain.

Testing methods and accounting treatments for impairment of financial instruments

The Company applies impairment accounting to financial assets measured at amortised cost and financial assets (debt instruments) measured at fair value through other comprehensive income, and financial guarantee contracts on an expected credit loss basis.

The Company takes into account reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probability-weighted amount of the present value of the difference between contractual cash flows due and the expected cash flow to be received and recognise the expected credit loss.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

11. Financial instruments (Continued)

Testing methods and accounting treatments for impairment of financial instruments (Continued)

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 – Revenue, whether or not they contain significant financing components, the Company always makes the loss provision for credit loss at the amount equivalent to the lifetime expected credit loss.

For lease receivables arising from the transactions specified in the Accounting Standards for Business Enterprises No. 21 – Leases, the Company chooses to always measure the loss provision for credit loss at the amount equivalent to the lifetime expected credit losses.

For other financial instruments, the Company assesses at each balance sheet date the changes in credit risk on the relevant financial instruments since initial recognition.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default on the financial instrument at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with low credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at an amount equivalent to the lifetime expected credit loss of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss provision at an amount equivalent to the 12-month expected credit loss of the financial instrument. The amount of the increase or reversal of the resulting loss provision is recognized in profit or loss for the current period as an impairment loss or gain. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the profit or loss for the current period, without reducing the carrying amount of the financial asset shown in the balance sheet.

If the Company no longer reasonably expects that the contractual cash flows of financial assets can be fully or partially recovered, the gross carrying amount of the financial assets is written down directly.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

12. Notes receivables

☐ Applicable ☑ Not applicable

13. Trade receivables

1. Criteria for recognizing bad debts

(1) Claims determined to be uncollectible after the debtor has been liquidated through legal bankruptcy proceedings;

(2) Claims that cannot be collected due to the debtor's death;

(3) For receivables where the debtor has failed to fulfill repayment obligations for three years and there is conclusive evidence that the debt is indeed uncollectible, such receivables shall be written off as bad debt losses upon approval by the Company's Board of Directors.

The above receivables, which are indeed uncollectible, are written off as bad debts after approval by the Board of Directors.

2. Accounting methods for bad debt losses

For trade receivables that do not contain significant financing components (including those where financing components in contracts not exceeding one year are disregarded under the standard) as defined in Accounting Standard for Business Enterprises No. 14 – Revenue, the Company employs a simplified approach for expected credit losses. This involves consistently measuring the provision for impairment based on the lifetime expected credit losses. Any resulting increase or reversal of the loss provision is recognized as an impairment loss or gain in profit or loss for the current period.

For receivables containing significant financing components, the Company elects to apply the simplified model of expected credit losses: measuring the loss provision consistently at the amount of the lifetime expected credit losses.

Simplified approach for expected credit losses: consistently measures the provision for loss based on the amount of the lifetime expected credit losses.

The Company considers all reasonable and supportable information, including forward-looking information, to estimate expected credit losses on receivables either individually or collectively.

For items with a significant individual amount, impairment testing is performed separately. If there is objective evidence indicating that an impairment has occurred, an impairment loss is recognized based on the difference between the present value of future cash flows and the carrying amount, and a provision for doubtful accounts is established.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

13. Trade receivables (Continued)

2. Accounting methods for bad debt losses (Continued)

For items that are not individually material but pose a significant risk when grouped based on credit risk characteristics, impairment tests shall be conducted on an individual basis; if there is objective evidence indicating impairment, an individual provision for doubtful accounts shall be recognized.

Trade receivables that have not been impaired based on the two separate impairment tests described above are grouped with other trade receivables that are individually immaterial, based on similar credit risk characteristics (aging), and an impairment loss is recognized based on the aging of the trade receivables and the prescribed provisioning ratio.

"Significant individual amounts" refer to trade receivables with a single amount of RMB1 million or more, while "trade receivables that are not individually significant but pose a higher risk when grouped based on credit risk characteristics" refer to trade receivables with a single amount of less than RMB1 million and an aging period of more than 3 years.

14. Receivables financing

☐ Applicable ☑ Not applicable

15. Other receivables

Determination of expected credit losses of other receivables and their treatment
Determination of expected credit losses of other receivables and their treatment
Determination of expected credit losses of other receivables and their treatment
The Company employs the general model for expected credit losses on other receivables, as detailed in 11. Financial instruments

16. Contract assets

Recognition method and criteria of contract assets

According to the relationship between the performance of obligations and customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (where that right is conditioned on something other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract should be presented on a net basis. The unconditional (only the passage of time is required) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

See Note "V. 11. Testing methods and accounting treatments for impairment of financial instruments" for the determination method and accounting treatment for the expected credit loss of contract assets.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

17. Inventories

Classification and cost of inventories

Inventories are classified into: raw materials, turnover materials, commissioned processing materials, work in progress, inventory goods, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Cost of inventories transferred out

Inventories are initially recorded at costs. Costs of inventories include purchasing costs, processing costs and other costs. Actual costs of inventories delivered are recognised using the month-end weighted average method. Inventory acquired through debt restructuring is recorded at fair value.

Inventory system

Adopting the perpetual inventory system.

Amortization method for low-value consumables and packaging

Low-value consumables are amortised using one-off write-off method.

Recognition criteria and accrual method for inventory impairment provision

On the balance sheet date, inventories are measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its net realizable value, the provision for inventory impairment shall be made. Net realizable values of inventories refer to the amounts of the estimated selling prices of inventories in the ordinary course of business minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

The net realizable value of inventories of goods that are directly used for sale, such as finished goods, goods on hand and materials for sale, is determined based on the estimated selling price of the inventories less the estimated selling expenses and related taxes in the normal production and operation process. The net realizable value of inventories of materials that need to be processed is determined based on the estimated selling price of the finished goods produced less the estimated costs to completion, the estimated selling expenses and related taxes in the normal production and operation process. The net realizable value of inventories held for the execution of sales contracts or labor contracts is calculated based on the contract price. If the quantity of inventories held is more than the quantity ordered in sales contracts, the net realizable value of the inventories in excess is calculated based on the general selling price.

After the provision for impairment of inventories is made, if the factors that previously caused the write-down of the value of inventories no longer exist, resulting in the net realizable value of the inventories being higher than their carrying amount, the original provision for impairment of inventories is reversed, and the reversed amount is included in profit or loss for the current period.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

18. Assets held for sale

☐ Applicable ☑ Not applicable

19. Debt investments

☐ Applicable ☑ Not applicable

20. Other debt investments

☐ Applicable ☑ Not applicable

21. Long-term receivables

☐ Applicable ☑ Not applicable

22. Long-term equity investments

Judgment criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control over an arrangement, the relevant activities of which must be decided with the unanimous consent of the parties sharing control. If the Company and other joint venture parties jointly control the investee and have rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

Determination of initial investment cost

(1) *Long-term equity investments acquired through business combination*

For the long-term equity investments in subsidiaries formed by the business combination under common control, the share of carrying amount of its owners' equity of the acquiree in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investment. If there is a difference between the initial investment cost of the long-term equity investment and the carrying amount of the paid consideration, the difference shall be used to adjust the share premium in the capital reserve; and if the share premium in the capital reserve is insufficient to be offset, retained earnings shall be adjusted. In connection with imposing control over the investee under common control as a result of additional investment and other reasons, the difference between initial investment cost of long-term equity investment recognized in accordance with the aforesaid principle, and the sum of the carrying amount of long-term equity investment before combination and the carrying amount of newly paid consideration for additional shares acquired on the date of combination is adjusted against share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

22. Long-term equity investments (Continued)

Determination of initial investment cost (Continued)

(1) *Long-term equity investments acquired through business combination (Continued)*

For long-term equity investment as a result of business combination not under common control, the Company determines the combination cost on the purchase date as the initial cost of long-term equity investments. Where additional investment or other reasons make the control over the investee not under the common control possible, the initial investment cost will be the sum of the carrying amount of the equity investments previously held and the cost of additional investments.

(2) *Long-term equity investments acquired by other means other than business combination*

Long-term equity investments acquired by cash payment are recorded at initial investment cost based on the actual purchase price paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

Subsequent measurement and recognition method of profit or loss

(1) *Long-term equity investment accounted for using the cost method*

Long-term equity investment in a subsidiary is accounted for using the cost method unless the investment meets the criteria to be classified as held for sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company's share of the cash dividends or profits declared by the investee.

(2) *Long-term equity investment accounted for by equity method*

Long-term equity investments in associates and joint ventures are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognises the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realised by the investee respectively, and simultaneously makes adjustment to the carrying amount of long-term equity investments. The carrying amount of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "Other Changes of Owner's Equity"), except for net profits and losses, other comprehensive income and profit distribution of the investee, the carrying amount of long-term equity investment shall be adjusted and included in owner's equity.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

22. Long-term equity investments (Continued)

Subsequent measurement and recognition method of profit or loss (Continued)

(2) *Long-term equity investment accounted for by equity method (Continued)*

The Company shall, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee in accordance with the accounting policies and accounting periods adopted by the Company.

The unrealized profit or loss resulting from internal transactions between the Company and its associates or joint ventures is eliminated to the extent of the Company's attributable share, based on which investment income is recognized, except where the invested or sold assets constitute a business. Unrealized losses resulting from internal transactions with the investee, which are attributable to impairment of assets are fully recognised.

Except to the extent that the Company has obligations to assume additional losses, the net loss incurred by the Company in respect of the joint venture or associate shall be written down to zero at the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associate realizes net profit in the future, the Company shall resume recognising its share of profits only after such share of profits has offset the unrecognised share of losses.

(3) *Disposal of long-term equity investments*

When disposing a long-term equity investment, the difference between its carrying amount and the actual proceeds received shall be included in profit or loss for the current period.

For partial disposal of long-term equity investments accounted for using the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognised originally upon the accounting by the equity method shall be transferred in proportion to the remaining ownership interest on the same basis as that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity shall be transferred to the current profit or loss in proportion.

Where the Company loses the joint control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognised upon the accounting by the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be transferred to the current profit or loss in full.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

22. Long-term equity investments (Continued)

Subsequent measurement and recognition method of profit or loss (Continued)

(3) Disposal of long-term equity investments (Continued)

When the Company loses the control over the investee due to partial disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or significant influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other changes of owner's equity recognized as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert significant influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying amount on the date of loss of control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if such transactions constitute a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between the consideration received for each disposal and the carrying amount of long-term equity investments corresponding to disposed equities before the loss of the control should be initially recognized as other comprehensive income in separate financial statements and then transferred into profit or loss for the current period upon the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

23. Investment properties

Measurement model of investment properties

☐ Applicable ☑ Not applicable

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

24. Fixed assets

(1) Recognition conditions

1. Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing labour services, renting or operating management, with a useful life of more than one fiscal year. Fixed assets are recognised when they meet all of the following conditions:

(1) the economic benefits associated with the fixed assets are likely to flow into the Company;

(2) its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of decommissioning).

The subsequent expenditures relating to fixed assets are included in the costs of fixed assets when the associated economic benefits probably flow to the Company and their costs can be measured reliably; the carrying amount of the replaced part is derecognized; all other subsequent expenditures are included in profit or loss for the current period when incurred.

(2) Methods for depreciation

Categories	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Buildings and structures	straight-line method	20–50	0%/5%/10%	1.90%–5%
Machinery and equipment	straight-line method	3–20	0%/5%/10%	5%–33%
Transportation equipment	straight-line method	4–5	0%/5%/10%	19.00%–25%
Electronic equipment and others	straight-line method	3–30	0%/5%/10%	3.17%–33%
Land	Others[1]			

Note: 1 Land in Thailand is held under perpetual ownership; no depreciation is provided.

Fixed assets are depreciated by using the straight-line method by category and the depreciation rate is determined according to the category, estimated useful life and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation is determined according to the carrying amount after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or provide economic benefits for the Company in different ways, then different depreciation rates or methods are chosen to separately provide for depreciation.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

25. Construction in progress

Construction in progress is measured at actual cost incurred. Actual cost includes construction costs, installation costs, capitalised borrowing costs and other necessary expenditures incurred before the construction in progress is ready for intended use. Construction in progress is transferred to fixed assets when the asset is ready for its intended use and depreciation is provided from the following month.

26. Borrowing costs

1. Criteria for recognition of capitalised borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of relevant assets. Other borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs shall be capitalized when the following conditions are met simultaneously:

(1) Asset expenses, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

(2) Borrowing costs have already been incurred;

(3) The acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

Capitalization of borrowing costs ceases when the acquisition, construction or production of an asset that meets the conditions for capitalization reaches its intended use or sale.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

26. Borrowing costs (Continued)

3. Suspension of capitalization period

Where the acquisition and construction or production of assets eligible for capitalization are interrupted abnormally and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is a necessary procedure for the acquired and constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during the interruption period are recognized as the current profit or loss and the capitalization of borrowing costs resumes only after the acquisition, construction or production activities of the assets restart.

4. Measurement of capitalization rate and capitalized amounts of borrowing costs

For specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment are used to determine the amount of borrowing costs for capitalisation.

For general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average of cumulative asset expenditures in excess of specific borrowings by the capitalization rate of the general borrowings utilized. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalization period, exchange differences arising from principal and interest on specific foreign currency borrowings are capitalized and included in the cost of the qualifying asset. Exchange differences arising from principal and interest on other foreign currency borrowings, other than specific foreign currency borrowings, are recognized in current profit or loss.

27. Biological assets

☐ Applicable ☑ Not applicable

28. Oil and gas assets

☐ Applicable ☑ Not applicable

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

29. Intangible assets

(1) Useful life and its basis for determination, estimation, amortization method or review procedures

The measurement method for intangible assets

(1) Intangible assets are initially measured at cost upon acquisition by the Company;

The cost of externally purchased intangible asset includes the purchase price, related taxes and other expenses that are directly attributable to the intended use of the asset.

(2) Subsequent measurement

When the Company acquires intangible assets, it analyzes and judges their useful life.

For intangible assets with finite useful life, they are amortised over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be foreseen, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

Estimation of useful lives of intangible assets with finite useful lives

Item	Estimated useful life	Amortization method
Land use rights	50–99 years	straight-line basis
Computer software	3–10 years	straight-line basis
Golf club membership	11–28 years	straight-line basis
Customers relationship	10–12 years	Straight-line basis
Patent rights	5–10 years	Straight-line method
Marina club membership fee	23.5 years	straight-line basis

Criteria for determining intangible assets with indefinite useful lives and procedures for reviewing their useful lives

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

29. Intangible assets (Continued)

(2) Scope of accumulation and related accounting treatment for research and development expenditures

1. *Scope of accumulation of research and development expenditures*

Expenditures for internal R&D projects during the research phase are recognized in the period as incurred. The expenses of internal R&D projects during the development phase are recognised as intangible assets when all of the following conditions are satisfied:

(1) the completion of such intangible assets for use or sale is technically feasible.

(2) the Company intends to complete the intangible asset and use or sell it.

(3) the Company can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(5) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase.

2. *Specific criteria for classifying research phase and development phases*

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: before the commercial production or use, the research results or other knowledge are applied to a plan or design to produce new or substantial improvements in materials, devices, products and other activities.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

29. Intangible assets (Continued)

(2) Scope of accumulation and related accounting treatment for research and development expenditures (Continued)

3. Specific conditions for capitalisation of expenditure incurred in development phase

The research expenditure is included in profit or loss for the current period when incurred. The development expenditure is recognised as intangible assets when it meets the following conditions at the same time, and is included in profit or loss for the current period when it fails to meet the following conditions:

(1) It is technically feasible to complete the intangible assets so that they can be used or sold;

(2) its intention to complete the intangible asset and use or sell it;

(3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

(5) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of research and development expenditures in profit or loss for the period.

30. Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life and oil and gas assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest group of assets that is able to generate independent cash inflows.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

30. Impairment of long-term assets (Continued)

Goodwill formed by business combination, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any indication of impairment.

When the Company performs impairment test on goodwill, the Company shall, from the acquisition date, allocate on a reasonable basis the carrying amount of the goodwill formed by business combination to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the combination of asset groups refers to those that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made first on the asset groups or set of asset groups not containing goodwill, and calculating the recoverable amount and comparing it with the relevant carrying amount so as to recognise the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying amount against its recoverable amount. If the recoverable amount is lower than its carrying amount, the amount of impairment loss is first offset against the carrying amount of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying amount of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying amount of other assets proportionally. Once the above asset impairment loss is recognised, it will not be reversed in subsequent accounting periods.

31. Long-term deferred expenses

Long-term deferred expenses are recorded at their actual costs, and evenly amortised within their period of benefit or stipulated period. If items of long-term deferred expenses fail to be beneficial to the following accounting periods, the unamortised balances of such items are all included in profit or loss for the current period.

32. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and customer payments. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

33. Employee compensations

(1) Accounting treatment methods of short-term compensations

In the accounting period in which employees provide service for the Company, short-term compensations actually incurred are recognised as liabilities and recognised in current profit or loss or cost of relevant assets.

During the accounting period when employees serve the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums such as the medical insurance premiums, work-related injury insurance premium and maternity insurance premium and housing funds paid for employees by the Company, as well as labor union funds and employee education funds.

The employee welfare expenses incurred by the Company shall be recorded into the current profit and loss or the cost of relevant assets according to the actual amount when actually incurred, and the non-monetary benefits shall be measured at its fair value.

(2) Accounting treatment methods of post-employment benefits

(1) Defined contribution plans

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit and loss or costs associated with assets. In addition, the Company also participates in the Company annuity plans/supplementary pension funds approved by the relevant state authorities. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

33. Employee compensations (Continued)

(2) Accounting treatment methods of post-employment benefits (Continued)

(2) Defined benefit plans

According to the formula determined by the projected unit credit method, the company will attribute the welfare obligation generated by the defined benefit plan to the period during which the employee provides services and record it into the current profit and loss or the cost of related assets.

The net deficit or surplus of the defined benefit plan will be recognized as either a liability or an asset of the plan, calculated as the present value of the benefit obligations less the fair value of the defined benefit plan assets. If the defined benefit plan has a surplus, the Company will measure the net asset of the defined benefit plan as the lower of the surplus and the limit of the defined benefit plan assets.

All defined benefit plan obligations, including those expected to be settled within twelve months after the end of the annual review period in which the employees render the related services, are discounted using the market yield at the balance sheet date of government bonds or high-quality corporate bonds traded in an active market, with maturities and currencies matching those of the defined benefit obligations.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or the cost of related assets; changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period. The portion originally included in other comprehensive income is carried forward to retained earnings to the extent of equity upon termination of the original defined benefit plan.

At the timing of settlement of the defined benefit plan, the gain or loss on settlement is the difference between the present value of the defined benefit plan obligation being settled and the settlement price determined on the settlement date.

(3) Accounting treatment of termination benefits

When the Company provides employees with termination benefits, the employee remuneration liabilities arising from termination benefits are recognized and recorded in current profit or loss on the earlier of the following dates: when the Company cannot unilaterally revoke such termination benefits provided due to termination of employment relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

33. Employee compensations (Continued)

(4) Accounting treatment of other long-term employee benefits

The Company's employees participate in the basic social pension insurance organized and implemented by the local labor and social security departments. The Company pays monthly pension insurance premiums to the local social basic pension insurance agency based on the locally stipulated social basic pension insurance contribution base and ratio. Upon the retirement of an employee, the local labor and social security authorities are responsible for paying the retired employee a basic social pension. The Company recognizes a liability for the amount of contributions payable calculated in accordance with the above social security provisions in the accounting period during which the employee provides services, and recognizes it in profit or loss or in the cost of the related assets.

34. Estimated liabilities

The Company recognises estimated liabilities when the obligations associated with the contingency simultaneously meet the following conditions:

(1) The obligation is a present obligation of the Company;

(2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;

(3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined by discounting the relevant future cash outflows.

When all or part of the expenditures necessary for the settlement of an estimated liability are expected to be compensated by a third party, the compensation should be separately recognised as an asset when it is virtually certain that the compensation will be received. The amount recognised for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of the estimated liability on the balance sheet date, and if there is conclusive evidence that the carrying amount cannot reflect the current best estimate, the company shall adjust the carrying amount according to the current best estimate.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

35. Share-based payments

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees (or other parties). The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share-based payments and equity instruments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted. For share-based payment transactions that vest immediately upon grant, relevant costs or expenses shall be recorded according to the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. For share-based payment transactions that vest only after completing the services in the vesting period or meeting specified performance conditions, on each balance sheet date during the vesting period, the Company shall, based on the best estimate of the number of equity instruments expected to vest and the fair value on the grant date, record the services acquired in the current period into relevant costs or expenses and increase the capital reserve accordingly.

If the equity instruments granted are canceled during the vesting period, the Company accounts for the cancellation as an acceleration of vesting and immediately recognizes in profit or loss for the period the amount that otherwise would have been recognized over the remainder of the vesting period, with a corresponding recognition in capital reserve. However, if new equity instruments are granted and, on the date of grant of the new equity instruments, the Company identifies the new grant as a replacement for the canceled equity instruments, the replacement equity instruments are accounted for in the same manner as a modification of the terms and conditions of the original equity instruments.

36. Other financial instruments such as preferred stock and perpetual bonds

☐ Applicable ☑ Not applicable

37. Revenue

Disclosure of accounting policies adopted for revenue recognition and measurement by business type

The Company's revenue primarily comprises sales of goods, among others.

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control of relevant goods. Obtaining control over relevant goods means being able to direct the use of such goods and obtain almost all economic benefits therefrom.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

37. Revenue (Continued)

Different business models for the same type of business involving different revenue recognition and measurement methods

(1) The Company satisfies a performance obligation over time, if one of the following criteria is met:

① When the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract.

② The customer can control the assets under construction during the performance of the Company.

③ The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company is entitled to receive payments for the portion of the performance that has been completed so far over the entire contract period.

For a contractual obligation performed within a certain period of time, the Company recognizes revenue by the progress in performance over that period of time, except where the progress cannot be reasonably determined. Given the nature of goods, the Company adopts the output method or the input method to determine the progress in performance.

(2) For a performance obligation that does not belong to those satisfied over a period of time and belongs to those satisfied at a point in time, the Company shall recognize revenue when the customer obtains control of relevant goods. In judging whether customers obtain control of goods, the Company considers the following indications:

① The Company has a present right to receive payment for the goods, the customer has a current payment obligation for the product.

② The Company has transferred the legal title of the goods to the customer, which is when the customer possesses the legal title of the goods.

③ The Company has transferred the physical goods to the customer, i.e. the customer has taken physical possession of the goods.

④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

37. Revenue (Continued)

Different business models for the same type of business involving different revenue recognition and measurement methods (Continued)

(2) (Continued)

⑤ The customer has accepted the goods;

⑥ Other indications show customers have obtained control of the goods. The specific policies for recognition of the Company's revenue:

For transactions between the Company and customers conducted under the Vendor-Managed Inventory (VMI) model, sales revenue is recognised when the customer uses the Company's products and after verification by both parties; otherwise, the Company recognizes sales revenue after the customer (or a company it designated) has signed for receipt of the goods.

Measurement of revenue

The Company measures revenue based on the transaction price allocated to each individual performance obligation. In determining the transaction price, the Company takes into account the influence of variable consideration, significant financing component in the contract, non-cash consideration, consideration payable to customers and other factors.

(1) Variable consideration

The Company determines the best estimate of variable consideration based on expected values or the most probable amount. However, the transaction price including variable consideration shall not exceed the amount for which it is highly probable that no significant reversal of the cumulative revenue recognized will occur once the relevant uncertainty is resolved. When assessing whether it is highly probable that no significant reversal of cumulative revenue recognized will occur, an entity shall consider both the possibility of revenue reversal and its proportion.

(2) Significant financing component

If there is a significant financing component in the contract, the Company determines the transaction price on the basis of the amount payable by the customer assuming that it makes payment in cash upon obtaining control over the goods. The difference between the transaction price and the contractual consideration is amortised using the effective interest rate method over the contract term.

(3) Non-cash consideration

If the customer pays non-cash consideration, the Company determines the transaction price at the fair value of non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price by reference to the separate selling price at which it promises to transfer the goods to the customer.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

37. Revenue (Continued)

Measurement of revenue (Continued)

(4) *Consideration payable to customers*

For consideration payable to customers, such consideration payable shall be deducted from the transaction price and shall reduce current period revenue at the later of the recognition of related revenue and the payment (or commitment to pay) of consideration to the customer, except where the consideration payable is for the purpose of obtaining other distinct goods from the customer. Where consideration payable to customers is for acquiring other distinct goods from customers, the goods acquired shall be recognized in a manner consistent with the Company's other purchases. Where consideration payable to customers exceeds the fair value of the distinct goods acquired, the excess amount shall be deducted from the transaction price. Where the fair value of the distinct goods acquired cannot be reasonably estimated, the Company shall deduct the entire consideration payable to customers from the transaction price.

38. Contract costs

☐ Applicable ☑ Not applicable

39. Government grant

Government grants comprise asset-related government grants and income-related government grants.

If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants shall be accounted for using the gross method:

(1) Asset-related government grants shall be recognized as deferred income, if it is recognized as deferred income, it will be included in the current profit or loss according to a reasonable and systematic method within the useful life of the relevant asset. When the related assets are sold, transferred, scrapped or damaged before the end of useful life, all the undistributed deferred income shall be transferred to the current profits and losses of assets disposal.

(2) Government grants related to income shall be accounted for accordingly as follows: those to be used as compensation for future expenses or losses shall be recognized as deferred income and recorded in profit or loss when the related expenses or losses are recognized; those to be used as compensation for related expenses or losses already incurred shall be recognized directly in profit or loss.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

39. Government grant (Continued)

The government subsidies containing both the asset-related part and revenue-related part shall be accounted for separately. If it is difficult to be accounted separately, the whole government subsidies shall be classified as income-related government subsidies.

The Company shall recognize government grants related to its ordinary activities in other income or as a reduction of related costs and expenses based on the economic substance of the transaction. Government grants unrelated to the Company's ordinary activities shall be recognized in non-operating income or expenses.

If the Company obtains a policy-related preferential loan discount, it shall be treated according to the following two circumstances where the finance department allocates the discount fund to the lending bank and where the finance department directly allocates the discount fund to the Company:

(1) Where the finance authority disburses the interest subsidy funds to the lending bank, and the lending bank provides loans to the Company at the preferential policy interest rate, the Company chooses to apply the following accounting treatment:

1) the actual amount of borrowings received is used as the entry value of the borrowings, and the relevant borrowing costs are calculated based on the principal of the borrowings and the policy preferential interest rate.

2) the fair value of the borrowings is used as the entry value of the borrowings, and the borrowing costs are calculated using the effective interest method. The difference between the actual amount received and the fair value of the borrowings is recognized as deferred income. The deferred income is amortized using the effective interest method over the duration of the borrowings to offset relevant borrowing costs.

(2) If the interest grants are paid directly to the Company, the Company will deduct the interest grants from borrowing costs.

40. Deferred income tax assets/Deferred income tax liabilities

Income tax comprises current income tax and deferred income tax. Except for income tax arising from a business combination and transactions or events directly recognized in owners' equity (including other comprehensive income), the Company recognizes current income tax and deferred income tax in profit or loss for the current period.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and their carrying amounts.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

40. Deferred income tax assets/Deferred income tax liabilities (Continued)

Deferred income tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available in future periods against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to subsequent years, corresponding deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.

For taxable temporary differences, deferred income tax liabilities are recognized, except in special circumstances.

Special circumstances for not recognizing deferred income tax assets or deferred income tax liabilities include:

Initial recognition of goodwill;

Transactions or events that are not business combinations, affect neither accounting profit nor taxable profit (or deductible loss) at the time of occurrence, and the initial recognition of assets and liabilities does not result in equal taxable temporary differences and deductible temporary differences.

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities are recognized, unless the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that taxable profit will be available in the future against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the relevant assets are recovered or the relevant liabilities are settled, based on tax laws.

At the balance sheet date, the Company reviews the carrying amount of deferred income tax assets. If it is probable that sufficient taxable profit will not be available in future periods to allow the benefit of the deferred income tax assets to be utilized, the carrying amount of the deferred income tax assets is written down. Any such write-down is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

When there is a legally enforceable right to settle on a net basis, and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

40. Deferred income tax assets/Deferred income tax liabilities (Continued)

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting when the following conditions are simultaneously met: the taxable entity has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis;

The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and current income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets and liabilities are expected to be reversed.

41. Leases

(1) Accounting treatment method for leasing as a lessee

A lease refers to a contract whereby the lessor transfers the right to use an asset to the lessee for a certain period of time in exchange for consideration. At the commencement date of a contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

Where a contract contains multiple separate leases simultaneously, the Company separates the contract and accounts for each separate lease individually. Where a contract contains both lease and non-lease components, the lessee and the lessor separate the lease and non-lease components.

The Company as a lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. Such cost includes:

The initial measurement amount of the lease liability;

Lease payments made at or before the commencement date of the lease term, less any lease incentives received if there are lease incentives;

Initial direct expenses incurred by the Company;

Costs expected to be incurred by the Company for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring the leased asset to the condition agreed under the terms of the lease, excluding costs incurred for the production of inventories.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

41. Leases (Continued)

(1) Accounting treatment method for leasing as a lessee (Continued)

The Company as a lessee (Continued)

(1) Right-of-use assets (Continued)

The Company subsequently depreciates right-of-use assets using the straight-line method. If it can be reasonably determined that ownership of the leased asset will be obtained at the expiration of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in "V. 30. Impairment of Long-term Assets" in these notes.

(2) Lease liabilities

At the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

Fixed payments (including in-substance fixed payments), less any lease incentives if there are lease incentives; variable lease payments that depend on an index or a rate;

Amounts expected to be payable based on the residual value guarantee provided by the Company;

The exercise price of a purchase option, provided that the Company is reasonably certain that it will exercise such option;

Payments for exercising an option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate implicit in the lease as the discount rate; however, if the interest rate implicit in the lease cannot be reasonably determined, the incremental borrowing rate of the Company is used as the discount rate. The Company calculates interest expenses of the lease liability in each period during the lease term at a fixed periodic interest rate, and records them in the profit or loss of the current period or the cost of relevant assets.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

41. Leases (Continued)

(1) Accounting treatment method for leasing as a lessee (Continued)

The Company as a lessee (Continued)

(2) Lease liabilities (Continued)

Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

After the commencement date of the lease term, if the following circumstances occur, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets, and if the carrying amount of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the profit or loss for the current period:

If there is a change in the valuation results of the purchase option, renewal option or termination option, or the actual exercise of the aforesaid option is inconsistent with the original valuation result, the Company will remeasure the lease liability based on the present value calculated by the changed lease payment amount and the revised discount rate;

When there is a change in the amount of the in-substance fixed payments, the amount expected to be payable under a residual value guarantee, or the index or ratio used to determine the amount of lease payment, the Company will remeasure the lease liability based on the present value calculated by the changed amount of the lease payment and the original discount rate. However, where the change in lease payments is due to a change in the floating interest rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

Where the Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, the relevant lease payments are recorded in the profit or loss of the current period or the cost of relevant assets on a straight-line basis in each period during the lease term. Short-term leases refer to leases with a lease term not exceeding 12 months at the commencement date of the lease term and not including a purchase option. Leases of low-value assets refer to leases where an individual leased asset is of relatively low value when it is a brand-new asset.

V. MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

41. Leases (Continued)

(1) Accounting treatment method for leasing as a lessee (Continued)

The Company as a lessee (Continued)

(4) Lease modification

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions: The lease change expands the scope of lease by increasing the rights to use one or more leased assets;

The increase in consideration is commensurate with the stand-alone price for the increase in the scope of the lease as adjusted for the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Company re-allocates the consideration in the modified contract, re-determines the lease term, and remeasures the lease liabilities by discounting the revised lease payments using a revised discount rate.

If a lease modification decreases the scope of the lease or shortens the lease term, the Company decreases the carrying amount of the right-of-use assets accordingly and recognizes any gain or loss relating to the partial or full termination of the lease in profit or loss for the current period. For other lease modifications which lead to the remeasurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of the right-of-use assets.

(2) Accounting treatment method for leases as a lessor

☐ Applicable ☑ Not applicable

42. Other Significant Accounting Policies and Accounting Estimates

☐ Applicable ☑ Not applicable

43. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

☐ Applicable ☑ Not applicable

(2) Changes in significant accounting estimates

☐ Applicable ☑ Not applicable

(3) Adjustments to relevant items of the financial statements at the beginning of the year of initial implementation upon initial implementation of new accounting standards from 2026

☐ Applicable ☑ Not applicable

44. Others

None

VI. TAXATION

1. Main taxes and tax rates

Tax types	Basis of tax assessment	Tax rate
VAT	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax for the current period	6%, 13%, 9%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
EIT	Calculated and paid based on taxable income	25% in the PRC
Local education surcharge	Turnover tax payable	2%
Educational surcharge	Turnover tax payable	3%
GST in Singapore	Output tax is calculated based on the taxable revenue at the tax rate, and goods and services tax is calculated and paid based on the difference after deducting the input tax allowed to be deducted in the current period.	9%
Malaysian Service Tax	Taxable imported services are calculated and paid based on taxable income.	8%
Malaysian Real Estate Value-Added Tax	Taxes are calculated based on the capital gains realized from the disposal of the property.	10% to 30%
Thailand VAT	The standard VAT rate in Thailand is 10%, but it is currently applied at 7%. Enterprises and individuals with annual revenue exceeding THB 1.8 million must register for and pay value-added tax.	7%

VI. TAXATION (Continued)

1. Main taxes and tax rates (Continued)

Disclosure statement of taxable entities subject to different enterprise income tax rates

Name of taxpayer	Income tax rate
Hongxing International Technology Limited	On March 21, 2018, the Legislative Council of the Hong Kong Special Administrative Region of the PRC passed the "Inland Revenue (Amendment) (No. 7) Bill 2017" (hereinafter referred to as the "Bill" or the "two-tiered profits tax rates regime") to introduce the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and promulgated on the next day (applicable to years of assessment commencing on or after April 1, 2018). Under the two-tiered profits tax rates regime, the profits tax rate for qualifying Hong Kong companies is 8.25% on the first HK$2,000,000.00 of assessable profits, and profits tax is charged at 16.5% on assessable profits in excess of HK$2,000,000.00.
VGTPCB Inc.	The corporate income taxes applicable to VGTPCB Inc. include: 1) California income tax, calculated as the greater of 8.84% of taxable income or $800; 2) Federal Income Tax: 21% of taxable income.
Ningbo Kefa Fuding Venture Capital Partnership Enterprise (Limited Partnership)	According to the "Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Issues Concerning Partners in Partnerships" (Cai Shui [2008] No. 159) (《財政部、國家稅務總局關於合夥企業合夥人所得稅問題的通知》(財稅[2008]159號)), each partner in a partnership is considered a taxpayer; therefore, Fuding Venture Capital is not required to calculate or pay enterprise income tax.
MFS Technology (S) Pte Ltd.	Enterprise income tax is calculated and paid at 17% of taxable income.
MFS Technology (M) Sdn. Bhd.	Enterprise income tax is calculated and paid at 24% of taxable income.
Victory Giant Technology (Thailand) Co., Ltd.	Enterprise income tax is calculated and paid at 20% of the taxable income.

VI. TAXATION (Continued)

2. Tax incentive

EIT Tax Concessions

The Company was recognized as a High and New Technology Enterprise by the competent tax authority on December 19, 2025, with the certificate number of High and New Technology Enterprise of GR202544002552, with a validity period of three years, and the applicable enterprise income tax rate from January to June 2026 was 15%.

The subsidiary Shenghua Electronics (Huiyang) Co., Ltd. was recognized as a High and New Technology Enterprise by the competent tax authority on December 19, 2025, with the certificate number of High and New Technology Enterprise of GR202544006557, with a validity period of three years, and the applicable enterprise income tax rate from January to June 2026 was 15%.

Hunan Weisheng Technology Co., Ltd. was recognized as a High and New Technology Enterprise by the competent tax authority on December 8, 2025, with the certificate number of High and New Technology Enterprise of GR2022543001224, with a validity period of three years, and the applicable enterprise income tax rate from January to June 2026 was 15%.

Hunan Weisheng Technology Circuit Board Co., Ltd. was recognized as a High and New Technology Enterprise by the competent tax authority on November 1, 2024, with the certificate number of High and New Technology Enterprise of GR202443001193, with a validity period of three years, and the applicable enterprise income tax rate from January to June 2026 was 15%.

Yiyang Weisheng Technology Co., Ltd. was recognized as a High and New Technology Enterprise by the competent tax authority on November 1, 2024, with the certificate number of High and New Technology Enterprise of GR202443001687, with a validity period of three years, and the applicable enterprise income tax rate from January to June 2026 was 15%.

MFS Technology (M) Sdn. Bhd., a Malaysian subsidiary of the Company, enjoys the reinvestment allowance, and can obtain an allowance of 60% of qualifying capital expenditures incurred in relation to qualifying projects during its tax assessment period.

3. Others

Calculated and paid in accordance with relevant national and local regulations.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bank balances, deposits and cash

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	**38,003.58**	41,943.08
Bank deposits	**5,999,746,603.16**	3,206,529,740.13
Other bank balances, deposits and cash	**72,470,019.34**	73,074,972.46
Total	**6,072,254,626.08**	3,279,646,655.67
Including: Total amount deposited overseas	**800,112,113.23**	1,274,041,290.65

Other explanations

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	**15,339,294,461.20**	137,000,000.00
Including:		
Investments in equity instruments	**1,398,144,461.20**	
Wealth management products	**13,941,150,000.00**	137,000,000.00
Including:		
Total	**15,339,294,461.20**	137,000,000.00

Other explanations:

3. Derivative financial assets

☐ Applicable ☑ Not applicable

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Notes receivables

(1) Classified presentation of notes receivables

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	76,113,482.74	95,166,173.05
Commercial acceptance bills	62,336,615.88	96,525,493.67
Less: bad debt allowance for notes receivables	-1,384,500.99	-1,916,916.66
Total	137,065,597.63	189,774,750.06

(2) Disclosure under the methods of provision for bad debts by category

Unit: RMB

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Ratio	Amount	Provision percentage	Carrying amount	Amount	Ratio	Amount	Provision percentage	Carrying amount
Including:										
Notes receivables for which bad debt provision is made on a portfolio basis	138,450,098.62	100.00%	1,384,500.99	1.00%	137,065,597.63	191,691,666.72	100.00%	1,916,916.66	1.00%	189,774,750.06
Including:										
Bank acceptance notes	76,113,482.74	54.98%	761,134.83	1.00%	75,352,347.91	95,166,173.05	49.65%	951,661.73	1.00%	94,214,511.32
Commercial acceptance bills	62,336,615.88	45.02%	623,366.16	1.00%	61,713,249.72	96,525,493.67	50.35%	965,254.93	1.00%	95,560,238.74
Total	138,450,098.62	100.00%	1,384,500.99		137,065,597.63	191,691,666.72	100.00%	1,916,916.66		189,774,750.06

Name of category for which bad debt provision is made on a portfolio basis: Bad debt provision made on a portfolio basis

Unit: RMB

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage
Bank acceptance bills	76,113,482.74	761,134.83	1.00%
Commercial acceptance bills	62,336,615.88	623,366.16	1.00%
Total	138,450,098.62	1,384,500.99	

Explanation of the basis for determining such portfolio:

If the bad debt provision for notes receivables is made according to the general model of expected credit losses:

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Notes receivables (Continued)

(3) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period: Provision	Recovery or reversal	Write-off	Others	Closing balance
Bank acceptance bills	951,661.73	856,744.88	1,047,271.78			761,134.83
Commercial acceptance bills	965,254.93	660,721.09	1,002,609.86			623,366.16
Total	1,916,916.66	1,517,465.97	2,049,881.64			1,384,500.99

Where the amount of bad debt provision recovered or reversed during the current period is material:

☐ Applicable ☑ Not applicable

(4) Notes receivables pledged by the Company at the end of the period

☐ Applicable ☑ Not applicable

(5) Notes receivables endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		59,962,291.15
Commercial acceptance bills		0.00
Total		59,962,291.15

(6) Notes receivables actually written off in the current period

☐ Applicable ☑ Not applicable

Including any significant notes receivables written-off:

☐ Applicable ☑ Not applicable

Explanation of notes receivables write-off:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables

(1) Disclosure by age

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	7,048,224,716.56	5,928,674,738.81
1 to 2 years	7,292,343.23	2,504,310.26
2 to 3 years	638,414.11	77,473.50
Over 3 years		1,830,031.42
3 to 4 years		1,830,031.42
Total	7,056,155,473.90	5,933,086,553.99

(2) Disclosure by category of bad debt provision methods

Unit: RMB

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Ratios	Amount	Provision percentage	Carrying amount	Amount	Ratio	Amount	Provision percentage	Carrying amount
Trade receivables for which bad debt provision is made on an individual basis	240,243.80	0.00%	240,243.80	100.00%	0.00					
Including:										
Existence of impairment indicators	240,243.80	0.00%	240,243.80	100.00%	0.00					
Trade receivables for which bad debt provision is made on a portfolio basis	7,055,915,230.10	100.00%	72,917,084.06	1.03%	6,982,998,146.04	5,933,086,553.99	100.00%	61,907,602.60	1.04%	5,871,178,951.39
Including:										
Similar risk portfolio	7,055,915,230.10	100.00%	72,917,084.06	1.03%	6,982,998,146.04	5,933,086,553.99	100.00%	61,907,602.60	1.04%	5,871,178,951.39
Total	7,056,155,473.90	100.00%	73,157,327.86	1.04%	6,982,998,146.04	5,933,086,553.99	100.00%	61,907,602.60	1.04%	5,871,178,951.39

Name of category for which bad debt provision is made on an individual basis: bad debt provision made on an individual basis

Unit: RMB

	Opening balance		Closing balance			
Name	Book balance	Bad debt provision	Book balance	Bad debt provision	Provision percentage	Reason
Existence of impairment indicators			240,243.80	240,243.80	100.00%	
Total			240,243.80	240,243.80		

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

(2) Disclosure by category of bad debt provision methods (Continued)

Items assessed collectively for bad debt provision: Items assessed collectively for bad debt provision

Unit: RMB

Name	Closing balance Book balance	Bad debt provision	Provision percentage
Similar risk portfolio	7,055,915,230.10	72,917,084.06	1.03%
Total	7,055,915,230.10	72,917,084.06	

Explanation of the basis for determining such portfolio:

If the bad debt provision for trade receivables is made according to the general model of expected credit losses:

☐ Applicable ☑ Not applicable

(3) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period Provision	Recovery or reversal	Write-off	Others	Closing balance
Bad debt provision made on an individual basis	0.00	240,243.80	0.00			240,243.80
Similar risk portfolio	61,907,602.60	11,112,792.97			-103,311.51	72,917,084.06
Total	61,907,602.60	11,353,036.77	0.00	0.00	-103,311.51	73,157,327.86

Including any significant recovery or reversal of provision for bad debts for the period:

☐ Applicable ☑ Not applicable

(4) Actual write-off of trade receivables for the period

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

(4) Actual write-off of trade receivables for the period (Continued)

Including any significant trade receivables written-off:

☐ Applicable ☑ Not applicable

Explanation on trade receivables write-off:

(5) Trade receivables and contract assets of the top five closing balances grouped by debtors

Unit: RMB

Name of entity	Closing balance of trade receivables	Closing balance of contract assets	Closing balance of trade receivables and contract assets	Proportion to total closing balance of trade receivables and contract assets	Closing balance of bad debt provision for trade receivables and impairment provision for contract assets
First	1,615,635,755.43	0.00	1,615,635,755.43	22.90%	16,156,357.55
Second	664,882,445.97	0.00	664,882,445.97	9.42%	6,648,824.46
Third	367,681,884.46	0.00	367,681,884.46	5.21%	3,676,818.84
Fourth	313,075,803.03	0.00	313,075,803.03	4.44%	3,130,758.03
Fifth	309,071,706.39	0.00	309,071,706.39	4.38%	3,090,717.06
Total	3,270,347,595.28	0.00	3,270,347,595.28	46.35%	32,703,475.94

6. Contract assets

(1) Details of contract assets

☐ Applicable ☑ Not applicable

(2) Amount and reasons for significant changes in carrying amount during the Period under Review

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Contract assets (Continued)

(3) Disclosure by the method of provision for bad debts

☐ Applicable ☑ Not applicable

Number of categories of items assessed collectively for bad debt provision: 0

Provision for bad debts calculated using the expected credit loss general model

☐ Applicable ☑ Not applicable

(4) Provision for bad debts made, recovered or reversed in the current period

☐ Applicable ☑ Not applicable

Where the amount of bad debt provision recovered or reversed during the current period is material:

☐ Applicable ☑ Not applicable

Other explanations

(5) Contract assets actually written off for the period

☐ Applicable ☑ Not applicable

Significant contract asset write-off situations

☐ Applicable ☑ Not applicable

Explanation of contract asset write-off:

Other explanations:

7. Financing receivables

(1) Financing receivables by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**82,990,563.06**	69,600,183.61
Total	**82,990,563.06**	69,600,183.61

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Financing receivables (Continued)

(2) Disclosure under the methods of provision for bad debts by category

☐ Applicable ☑ Not applicable

Provision for bad debts calculated using the expected credit loss general model

☐ Applicable ☑ Not applicable

Basis for stage division and proportion of provision for bad debts

Description of significant changes in the book balance of receivables financing with changes in loss provision in the current period:

(3) Provision for bad debts accrued, recovered or reversed in the current period

☐ Applicable ☑ Not applicable

Among which, the amount of provision for bad debts recovered or reversed in the current period is significant:

☐ Applicable ☑ Not applicable

Other explanations:

(4) Receivables financing pledged by the Company at the end of the period

☐ Applicable ☑ Not applicable

(5) Receivables financing endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☐ Applicable ☑ Not applicable

(6) Actual write-off of receivables financing for the period

☐ Applicable ☑ Not applicable

Among which, significant write-off of receivables financing

☐ Applicable ☑ Not applicable

Explanation on write-off:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Financing receivables (Continued)

(7) The increase/decrease and fair value change of receivables for financing in the period:

Item	Balance as at the end of the prior year	Addition during the period	Derecognition during the period	Other changes	Closing balance	Accumulated impairment provision recognized in other comprehensive income
Bank acceptance bills	69,600,183.61	488,318,900.31	474,928,520.86		82,990,563.06	
Total	69,600,183.61	488,318,900.31	474,928,520.86	–	82,990,563.06	–

(8) Other information

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	314,048,125.76	352,096,827.90
Total	314,048,125.76	352,096,827.90

(1) Interest receivable

1) *Classification of interest receivable*

☐ Applicable ☑ Not applicable

2) *Significant overdue interest*

☐ Applicable ☑ Not applicable

Other explanations:

3) *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

(1) Interest receivable (Continued)

4) *Provision for bad debts provided, recovered or reversed during the current period*

☐ Applicable ☑ Not applicable

Among which, the amount of provision for bad debts recovered or reversed in the current period is significant:

☐ Applicable ☑ Not applicable

Other explanations:

5) *Actual write-off of interest receivable for current period*

☐ Applicable ☑ Not applicable

Among which, significant write-off of interest receivable
☐ Applicable ☑ Not applicable

Explanation on write-off:

Other explanations:

(2) Dividends receivable

1) *Classification of dividends receivable*

☐ Applicable ☑ Not applicable

2) *Significant dividends receivable with aging more than 1 year*

☐ Applicable ☑ Not applicable

3) *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not applicable

4) *Provision for bad debts provided, recovered or reversed during the current period*

☐ Applicable ☑ Not applicable

Among which, the amount of provision for bad debts recovered or reversed in the current period is significant:

☐ Applicable ☑ Not applicable

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

(2) Dividends receivable (Continued)

5) Actual write-off of dividends receivable in current period

☐ Applicable ☑ Not applicable

Among which, significant write-off of dividends receivable

☐ Applicable ☑ Not applicable

Explanation on write-off:

Other explanations:

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance
Export tax refund receivables	**265,606,489.86**	318,394,436.43
Withholding payment	**19,189,803.88**	13,758,278.12
Deposits	**26,730,085.07**	21,071,447.62
Petty cash for employees	**3,552,431.20**	1,330,999.87
Others	**21,535,143.60**	26,330,896.52
Total	**336,613,953.61**	380,886,058.56

2) Disclosed by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	**326,038,415.94**	366,037,032.76
1 to 2 years	**7,949,518.04**	8,262,157.45
2 to 3 years	**1,122,905.32**	768,560.17
Over 3 years	**1,503,114.31**	5,818,308.18
3 to 4 years	**99,564.76**	753,207.88
4 to 5 years	**548,899.94**	1,013,816.90
Over 5 years	**854,649.61**	4,051,283.40
Total	**336,613,953.61**	380,886,058.56

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

(3) Other receivables (Continued)

3) Disclosure by the method of provision for bad debts

☑ Applicable ☐ Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
	Amount	Ratio	Amount	Provision percentage	Carrying amount	Amount	Ratio	Amount	Provision percentage	Carrying amount
Including:										
Provision for bad debts made on a portfolio basis	336,613,953.61	100.00%	22,565,827.85	6.70%	314,048,125.76	380,886,058.56	100.00%	28,789,230.66	7.56%	352,096,827.90
Including:										
Similar risk portfolio	336,613,953.61	100.00%	22,565,827.85	6.70%	314,048,125.76	380,886,058.56	100.00%	28,789,230.66	7.56%	352,096,827.90
Total	336,613,953.61	100.00%	22,565,827.85	6.70%	314,048,125.76	380,886,058.56	100.00%	28,789,230.66	7.56%	352,096,827.90

Name of category for provision for bad debts made on a portfolio basis: Provision for bad debts made on a portfolio basis

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision percentage
Similar risk portfolio	336,613,953.61	22,565,827.85	6.70%
Total	336,613,953.61	22,565,827.85	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

(3) Other receivables (Continued)

3) Disclosure by the method of provision for bad debts (Continued)

Explanation on the basis for determining the portfolio:

Provision for bad debts calculated using the expected credit loss general model:

Unit: RMB

Bad debt provision	Stage 1 Expected credit losses in the next 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as at January 1, 2026	28,789,230.66			28,789,230.66
Balance at January 1, 2026 in the current period				
Reversal	5,993,433.29			5,993,433.29
Other changes	-229,969.52			-229,969.52
Balance as at June 30, 2026	22,565,827.85			22,565,827.85

Basis for stage division and proportion of provision for bad debts

Significant changes in book balance with significant changes in loss provision in the current period
☐ Applicable ☑ Not applicable

4) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Others	
Similar risk portfolio	28,789,230.66	0.00	5,993,433.29	0.00	-229,969.52	22,565,827.85
Total	28,789,230.66	0.00	5,993,433.29	0.00	-229,969.52	22,565,827.85

Among which, the amount of provision for bad debts reversed or recovered in the current period is significant:

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

(3) Other receivables (Continued)

5) Write-off of other receivables for the period

☐ Applicable ☑ Not applicable

Among which, significant write-off of other receivables:

☐ Applicable ☑ Not applicable

Explanation on write-off of other receivables:

6) Top five closing balance of other receivables, listed by debtor

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion of the amount to the total other receivables	Closing balance of provision for bad debts
First	Export tax refund receivables	240,488,289.85	within 1 year	71.44%	12,024,414.49
Second	Export tax refund receivables	13,244,849.44	within 1 year	3.93%	662,242.47
Third	Export tax refund receivables	12,406,886.85	within 1 year	3.69%	620,344.34
Fourth	Deposits	10,000,000.00	within 1 year	2.97%	500,000.00
Fifth	Others	5,475,977.00	within 1 year	1.63%	273,798.85
Total		281,616,003.14		83.66%	14,080,800.15

7) Presented in other receivables due to centralised management of funds

Unit: RMB

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Prepayment

(1) Prepayments are presented by aging

Unit: RMB

	Closing balance		Opening balance	
Aging	Amount	Ratio	Amount	Ratio
within 1 year	93,560,376.75	98.66%	77,041,783.34	98.44%
1 to 2 years	789,206.77	0.83%	761,220.77	0.97%
2 to 3 years	474,550.89	0.50%	309,422.35	0.40%
Over 3 years	6,719.50	0.01%	146,540.23	0.19%
Total	94,830,853.91		78,258,966.69	

Explanation of the reasons for the failure to settle prepayments with an aging of over 1 year and a significant amount in a timely manner:

(2) Top five closing balances of prepayments categorised by payee

Payee	Closing balance	Proportion to total closing balance of prepayments (%)
First	11,250,486.73	11.86
Second	10,566,426.47	11.14
Third	9,062,587.22	9.56
Fourth	8,350,961.23	8.81
Fifth	4,848,118.28	5.11
Total	44,078,579.93	46.48

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industries

No

(1) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision for inventories or contract performance costs	Carrying amount	Book balance	Impairment provision for inventories or contract performance costs	Carrying amount
Raw materials	2,501,790,222.00	18,518,753.27	2,483,271,468.73	932,529,356.04	19,629,058.00	912,900,298.04
Unfinished goods	2,453,534,924.21	23,690,385.71	2,429,844,538.50	1,275,517,476.83	18,457,523.53	1,257,059,953.30
Finished goods	1,042,362,635.47	67,768,575.25	974,594,060.22	1,051,302,194.45	60,811,543.32	990,490,651.13
Turnover materials	3,241,112.49	1,311,199.38	1,929,913.11	2,689,509.29	780,060.80	1,909,448.49
Total	6,000,928,894.17	111,288,913.61	5,889,639,980.56	3,262,038,536.61	99,678,185.65	3,162,360,350.96

(2) Data resources recognized as inventory

☐ Applicable ☑ Not applicable

(3) Impairment provision for inventories and contract performance costs

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	19,629,058.00	2,070,877.57	-470,846.05	2,710,336.25		18,518,753.27
Unfinished goods	18,457,523.53	12,809,412.96	-120,081.16	7,456,469.62		23,690,385.71
Finished goods	60,811,543.32	15,938,529.55	-477,505.80	8,503,991.82		67,768,575.25
Turnover materials	780,060.80	531,138.58				1,311,199.38
Total	99,678,185.65	31,349,958.66	-1,068,433.01	18,670,797.69		111,288,913.61

Impairment provision for made on a portfolio basis

☐ Applicable ☑ Not applicable

Criteria for making provision impairment provision for inventories on a portfolio basis

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Inventories (Continued)

(4) Explanation of the capitalized amount of borrowing costs included in the closing balance of inventories

(5) Explanation of the amortization amount of contract performance costs in the current period

11. Assets held for sale

☐ Applicable ☑ Not applicable

Other explanations

12. Non-current assets due within one year

☐ Applicable ☑ Not applicable

(1) Debt investments due within one year

☐ Applicable ☑ Not applicable

(2) Other debt investments due within one year

☐ Applicable ☑ Not applicable

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible taxes	**524,293,849.33**	366,088,151.69
Prepaid issuance fees		7,788,398.63
Total	**524,293,849.33**	373,876,550.32

Information on compensatory assets

Other explanations:

14. Debt investments

(1) Particulars of debt investments

☐ Applicable ☑ Not applicable

Changes in impairment provision for debt investments during the period

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Debt investments (Continued)

(2) Significant debt investments at the end of the period

☐ Applicable ☑ Not applicable

(3) Provision for impairment

☐ Applicable ☑ Not applicable

Basis for stage classification and provision rates for bad debts

(4) Actual write-offs of debt investments for the period

☐ Applicable ☑ Not applicable

Including: Write-offs of significant debt investments

Explanations on write-offs of debt investments:

Changes in gross carrying amount with significant changes in loss provision for the period

☐ Applicable ☑ Not applicable

Other explanations:

15. Other debt investments

(1) Details of other debt investments

☐ Applicable ☑ Not applicable

Changes in impairment provision of other debt investments during the period

☐ Applicable ☑ Not applicable

(2) Significant Other debt investments at the end of the period

☐ Applicable ☑ Not applicable

(3) Provision for impairment

☐ Applicable ☑ Not applicable

Basis for stage classification and provision rates for bad debts

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Other debt investments (Continued)

(4) Actual write-offs of other debt investments for the period

☐ Applicable ☑ Not applicable

Including: Write-offs of significant other debt investments

Changes in gross carrying amount with significant changes in loss provision for the period

☐ Applicable ☑ Not applicable

Other explanations:

16. Investments in other equity instruments

Unit: RMB

Name of Investment	Opening balance	Gains recognised in other comprehensive income during the period	Losses recognized in other comprehensive income during the period	Cumulative gains recognised in other comprehensive income at the end of the period	Cumulative losses recognised in other comprehensive income at the end of the period	Dividend income recognised in the current period	Closing balance	Reasons for designation as at fair value through other comprehensive income
Zhuhai ACCESS Semiconductor Co., Ltd.	171,011,578.91			61,590,538.88			171,011,578.91	
Founder Technology Group Co., Ltd.	2,683,283,463.72	485,372,094.12		2,802,533,517.16			3,168,655,557.84	
Total	2,854,295,042.63	485,372,094.12		2,864,124,056.04			3,339,667,136.75	

Derecognition occurred during the period

☐ Applicable ☑ Not applicable

Itemized disclosure of non-trading equity instrument investments for the period

☐ Applicable ☑ Not applicable

Other explanations:

17. Long-term receivables

(1) Details of long-term receivables

☐ Applicable ☑ Not applicable

(2) Classified disclosure by bad debt provision method

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term receivables (Continued)

(2) Classified disclosure by bad debt provision method (Continued)

Provision for bad debts under the general model of expected credit losses

☐ Applicable ☑ Not applicable

Basis for stage classification and provision rates for bad debts

(3) Provision for bad debts accrued, recovered or reversed during the period

☐ Applicable ☑ Not applicable

Including: Significant amounts of provision for bad debts recovered or reversed during the period:

☐ Applicable ☑ Not applicable

Other explanations:

(4) Actual write-offs of long-term receivables for the period

☐ Applicable ☑ Not applicable

Including: Write-offs of significant long-term receivables:

☐ Applicable ☑ Not applicable

Explanations on write-off of long-term receivables:

18. Long-term equity investments

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on fair value less costs of disposal

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

☐ Applicable ☑ Not applicable

Reasons for significant inconsistencies between the aforesaid information and the information used in prior years' impairment tests or external information

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Long-term equity investments (Continued)

Reasons for significant discrepancies between the information used by the Company in impairment tests in prior years and the actual circumstances in the current year

Other explanations

19. Other non-current financial assets

☐ Applicable ☑ Not applicable

Other explanations:

20. Investment properties

(1) Investment properties measured under cost model

☐ Applicable ☑ Not applicable

(2) Investment properties measured under fair value model

☐ Applicable ☑ Not applicable

(3) Transferred to investment properties and measured at fair value

☐ Applicable ☑ Not applicable

(4) Investment properties without title certificate

☐ Applicable ☑ Not applicable

Other explanations

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	**11,843,906,172.44**	9,160,699,713.27
Disposal of fixed assets	**193,356.09**	3,687,316.95
Total	**11,844,099,528.53**	9,164,387,030.22

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Fixed assets (Continued)

(1) Details of fixed assets

Unit: RMB

Item	Buildings and structures	Land	Machinery and equipment	Transportation equipment	Electronic equipment and others	Total
I. Initial cost:						
1. Opening balance	3,638,020,114.34	165,661,171.57	9,427,764,559.71	75,600,286.75	341,369,078.50	13,648,415,210.87
2. Increase during the period	1,183,565,999.73	80,525,577.15	2,377,565,798.82	8,887,828.28	33,496,271.41	3,684,041,475.39
(1) Purchase	158,667,678.95	0.00	1,190,318,828.17	9,553,917.03	20,769,266.80	1,379,309,690.95
(2) Transfer from construction in progress	413,012,435.18	0.00	1,211,807,918.70	0.00	14,738,569.12	1,639,558,923.00
(3) Increase from business combination	635,981,938.31	95,268,269.39	0.00	0.00	0.00	731,250,207.70
– Foreign currency translation difference	-24,096,052.71	-14,742,692.24	-24,560,948.05	-666,088.75	-2,011,564.51	-66,077,346.26
3. Decrease during the period	0.00	0.00	273,259,189.37	1,706,109.69	1,577,031.60	276,542,330.66
(1) Disposal or retirement	0.00	0.00	273,259,189.37	1,706,109.69	1,577,031.60	276,542,330.66
– Transfer to construction in progress	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	4,821,586,114.07	246,186,748.72	11,532,071,169.16	82,782,005.34	373,288,318.31	17,055,914,355.60
II. Accumulated depreciation						
1. Opening balance	590,358,688.38	0.00	3,665,792,081.26	42,945,995.12	180,894,311.08	4,479,991,075.84
2. Increase during the period	430,171,116.09	0.00	448,374,484.06	3,453,630.43	20,400,910.06	902,400,140.64
(1) Provision	69,533,430.76	0.00	461,071,700.72	3,728,191.04	21,251,878.81	555,585,201.33
– Increase from business combination	368,789,546.00	0.00	0.00	0.00	0.00	368,789,546.00
– Transfer from right-of-use assets	0.00	0.00	0.00	0.00	0.00	0.00
– Foreign currency translation difference	-8,151,860.67	0.00	-12,697,216.66	-274,560.61	-850,968.75	-21,974,606.69
3. Decrease during the period	0.00	0.00	201,245,477.14	1,590,549.27	1,488,646.37	204,324,672.78
(1) Disposal or retirement	0.00	0.00	201,245,477.14	1,590,549.27	1,488,646.37	204,324,672.78
– Transfer to construction in progress	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	1,020,529,804.47	0.00	3,912,921,088.18	44,809,076.28	199,806,574.77	5,178,066,543.70
III. Impairment provision						
1. Opening balance	488,448.70	922,471.94	5,823,716.77	31,319.38	458,464.97	7,724,421.76
2. Increase during the period	24,750,825.10	-475,772.85	1,762,265.94	-2,572.61	182,472.12	26,217,217.70
(1) Provision	0.00	0.00	1,935,293.47	0.00	231,763.17	2,167,056.64
– Increase from business combination	25,115,434.00	0.00	0.00	0.00	0.00	25,115,434.00
– Foreign currency translation difference	-364,608.90	-475,772.85	-173,027.53	-2,572.61	-49,291.05	-1,065,272.94
3. Decrease during the peirod	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal or retirement	0.00	0.00	0.00	0.00	0.00	0.00
– Transfer to construction in progress	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	25,239,273.80	446,699.09	7,585,982.71	28,746.77	640,937.09	33,941,639.46
IV. Carrying amount						
1. Closing carrying amount	3,775,817,035.80	245,740,049.63	7,611,564,098.27	37,944,182.29	172,840,806.45	11,843,906,172.44
2. Opening carrying amount	3,047,172,977.26	164,738,699.63	5,756,148,761.68	32,622,972.25	160,016,302.45	9,160,699,713.27

(2) Temporarily idle fixed assets

☐ Applicable ☑ Not applicable

(3) Fixed assets leased out under operating leases

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Fixed assets (Continued)

(4) Fixed assets without title certificate

☐ Applicable ☑ Not applicable

Other explanations

(5) Impairment testing of fixed assets

☐ Applicable ☑ Not applicable

(6) Disposal of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Disposal of fixed assets	193,356.09	3,687,316.95
Total	193,356.09	3,687,316.95

Other explanations

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	5,223,332,183.80	3,609,874,903.28
Total	5,223,332,183.80	3,609,874,903.28

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Machinery and equipment	2,968,091,961.03		2,968,091,961.03	3,179,061,412.81		3,179,061,412.81
Buildings and structures	2,189,533,255.30		2,189,533,255.30	361,137,797.56		361,137,797.56
Other miscellaneous projects	65,706,967.47		65,706,967.47	69,675,692.91		69,675,692.91
Total	5,223,332,183.80		5,223,332,183.80	3,609,874,903.28		3,609,874,903.28

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Construction in progress (Continued)

(2) Changes in significant construction in progress projects during the period

Unit: RMB

Name of project	Budget	Opening balance	Increase during the period	Transfer to fixed assets during the period	Other decrease during the period	Closing balance	Cumulative project investment as a percentage of budget	Construction progress	Accumulated amount of capitalized interest	Including: Amount of interest capitalized during the period	Interest capitalization rate for the period	Source of funds
Factory No. 9	274,971,900.00	41,866,986.57	206,281,847.09	248,148,833.66		0.00	90.25%	Transferred to fixed assets				
Factory No. 10	1,303,302,870.30	62,313,025.48	966,889,938.10			1,029,202,963.58	78.97%	Under construction				
Factory No. 11	1,386,845,338.10	87,492,687.95	346,133,585.18			433,626,273.13	31.27%	Under construction				
Construction of MFSY Assembly Plant (Phase II)	250,000,000.00	94,027,820.83	50,696,223.26			144,724,044.09	57.89%	Under construction				
Thailand Factory and Dormitory	1,537,810,649.95	58,154,958.63	193,153,784.03			251,308,742.66	16.34%	Under construction				
Huizhou No. 1 High School, Jinbangshan Campus	188,617,200.00		160,066,506.75			160,066,506.75	84.86%	Under construction				
Total	4,941,547,958.35	343,855,479.46	1,923,221,884.41	248,148,833.66	0.00	2,018,928,530.21						

(3) Provision for impairment of construction in progress made during the period

☐ Applicable ☑ Not applicable

(4) Impairment testing of construction in progress

☐ Applicable ☑ Not applicable

(5) Construction materials

☐ Applicable ☑ Not applicable

Other explanations:

23. Productive biological assets

(1) Productive biological assets measured under cost model

☐ Applicable ☑ Not applicable

(2) Impairment testing of productive biological assets measured under cost model

☐ Applicable ☑ Not applicable

(3) Productive biological assets measured under fair value model

☐ Applicable ☑ Not applicable

24. Oil and gas assets

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Right-of-use assets

(1) Details of right-of-use assets

Unit: RMB

Item	Buildings and structures	Electronic equipment and others	Total
I. Initial cost			
1. Opening balance	145,160,794.98	399,931.65	145,560,726.63
2. Increase during the period	31,034,740.89	-12,397.23	31,022,343.66
– Addition to leases	31,249,214.41		31,249,214.41
– Foreign currency translation difference	-214,473.52	-12,397.23	-226,870.75
3. Decrease during the period			
4. Closing balance	176,195,535.87	387,534.42	176,583,070.29
II. Accumulated depreciation			
1. Opening balance	47,351,099.46	103,028.85	47,454,128.31
2. Increase during the period	13,105,210.37	35,559.82	13,140,770.19
(1) Provision	13,194,188.81	39,222.10	13,233,410.91
(2) – Foreign currency translation difference	-88,978.44	-3,662.28	-92,640.72
3. Decrease during the period			
(1) Disposals			
4. Closing balance	60,456,309.83	138,588.67	60,594,898.50
III. Impairment provision			
1. Opening balance			
2. Increase during the period			
(1) Provision			
3. Decrease during the period			
(1) Disposals			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	115,739,226.04	248,945.75	115,988,171.79
2. Opening carrying amount	97,809,695.52	296,902.80	98,106,598.32

(2) Impairment testing of right-of-use assets

☐ Applicable ☑ Not applicable

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Intangible assets

(1) Details of intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patent technology	Computer software	Golf club membership	Customers relationship	Trademark	Marina club membership fee	Total
I. Initial cost									
1. Opening balance	396,309,130.64	105,623,104.13		106,210,948.90	10,798,094.35	141,630,980.71	349,490,249.82	1,490,566.04	1,111,553,074.59
2. Increaseduring the period	-9,149,387.71	-3,629,849.65		16,012,075.34		-10,265,950.89	-10,834,555.75		-17,867,668.66
(1) Purchase	0.00			16,729,848.54					16,729,848.54
(2) Internal research and development									
(3) Increase from business combination									
(4) Foreign currency translation difference	-9,149,387.71	-3,629,849.65		-717,773.20		-10,265,950.89	-10,834,555.75		-34,597,517.20
3. Decrease during the period									
(1) Disposals									
4. Closing balance	387,159,742.93	101,993,254.48		122,223,024.24	10,798,094.35	131,365,029.82	338,655,694.07	1,490,566.04	1,093,685,405.93
II. Accumulated amortisation									
1. Opening balance	24,473,143.09	35,081,308.40		66,799,129.90	2,040,606.93	23,593,138.64		105,714.00	152,093,040.96
2. Increaseduring the period	4,106,905.26	7,126,454.33		6,428,242.85	280,511.93	8,431,729.01		31,714.20	26,405,557.58
(1) Provision	4,544,928.83	8,358,334.75		6,613,252.99	280,511.93	13,041,848.70		31,714.20	32,870,591.40
(2) Foreign currency translation difference	-438,023.57	-1,231,880.42		-185,010.14	0.00	-4,610,119.69		0.00	-6,465,033.82
3. Decrease during the period									
(1) Disposals									
4. Closing balance	28,580,048.35	42,207,762.73		73,227,372.75	2,321,118.86	32,024,867.65		137,428.20	178,498,598.54
III. Impairment provision									
1. Opening balance									
2. Increaseduring the period									
(1) Provision									
3. Decrease during the period									
(1) Disposals									
4. Closing balance									
IV. Carrying amount									
1. Closing carrying amount	358,579,694.58	59,785,491.75		48,995,651.49	8,476,975.49	99,340,162.17	338,655,694.07	1,353,137.84	915,186,807.39
2. Opening carrying amount	371,835,987.55	70,541,795.73		39,411,819.00	8,757,487.42	118,037,842.07	349,490,249.82	1,384,852.04	959,460,033.63

Proportion of intangible assets generated through the Company's internal research and development to the balance of intangible assets at the end of the period

(2) Data resources recognised as intangible assets

☐ Applicable ☑ Not applicable

(3) Land use rights without title certificate

☐ Applicable ☑ Not applicable

Other explanations

(4) Impairment testing of intangible assets

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Goodwill

(1) Initial cost of goodwill

Unit: RMB

Name of investee or matter forming goodwill	Opening balance	Increase during the period		Decrease during the period		Closing balance
		From business combination	Foreign currency translation difference	Disposal		
MFS asset group	1,144,444,829.35		-57,965,623.63			1,086,479,205.72
VGT Thailand asset group	49,087,205.68		-4,031,364.84			45,055,840.84
Total	1,193,532,035.03		-61,996,988.47			1,131,535,046.56

(2) Provision for impairment of goodwill

☐ Applicable ☑ Not applicable

(3) Information about asset group or combination of asset groups to which goodwill is allocated

Name	Composition and basis of the asset group or combination of asset groups	Operating segment to which it belongs and basis	Whether consistent with prior year
MFS asset group	The MFS asset group is primarily composed of MFS Technology (S) Pte Ltd. and its subsidiaries. The synergies from the acquisition of MFS Technology (S) Pte Ltd. and its subsidiaries are reflected across the entire MFS asset group and cannot be readily allocated to other asset groups; therefore, goodwill is allocated to the MFS asset group.		Yes
VGT Thailand asset group	The VGT Thailand asset group is composed of the multilayer board-related assets of the acquired Thai company.		Yes

Changes in the asset group or combination of asset groups

☐ Applicable ☑ Not applicable

Other explanations

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Goodwill (Continued)

(4) *Specific determination methods for recoverable amount*

The recoverable amount is determined based on fair value less costs of disposal

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Number of years of projection period	Key parameters for projection period	key parameters for the stability period	Basis for determining key parameters during the stability period
MFS asset group goodwill	2,902,391,271.47	3,451,843,680.00	0.00	5 years; the detailed projection period will end in 2030, followed by a perpetual projection period	5-year revenue growth rates are are 11.7%, 65.9%, 21.9%, 13.7% and 0%, respectively; net profit margins are 11.3%, 11.2%, 11.2%, 11.8%, and 11.8%, respectively.	Revenue growth rate: 0.00%; Net profit margin：11.50%; Discount rate (pre-tax): 13.40% Discount rate (post-tax): 11.08%	Determined based on the projection data for the final year of the projection period
VGT Thailand asset group goodwill	834,489,063.64	1,059,412,550.07	0.00	5 years; The detailed projection period will end in 2030, followed by a perpetual projection period	5-year revenue growth rates are 59.67%, 25.67%, 16.17%, 19.68%, and 16.39%, respectively; net profit margins are: -0.41%, 2.61%, 5.31%, 8.00%, and 10.68%, respectively	Revenue growth rate: 0.00%; Net profit margin: 10.63%; Discount rate (pre-tax): 15.37%; Discount rate (post-tax): 13. 10%	Determined based on the projection data for the final year of the projection period
Total	3,736,880,335.11	4,511,256,230.07	0.00				

Reasons for significant inconsistencies between the aforesaid information and the information used in prior years' impairment tests or external information

Reasons for significant discrepancies between the information used by the Company in impairment tests in prior years and the actual circumstances in the current year

(5) *Fulfilment of performance undertaking and corresponding impairment of goodwill*

Performance commitments existed when goodwill arose, and the Period under Review or the prior period falls within the performance commitment period

☐ Applicable ☑ Not applicable

Other explanations

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase during the period	Amortization during the period	Other decreases	Closing balance
Investment management fee of Fuding Venture Capital	2,002,400.00		1,020,000.00		982,400.00
Renovation expense	102,154,148.80	39,065,363.99	18,663,481.77	264,620.44	122,291,410.58
Miscellaneous construction costs	47,271,746.98	37,829,804.41	11,132,575.30	-43,616.61	74,012,592.70
Mold expense	18,155,528.01	10,399,683.01	6,531,409.00	22,956.25	22,000,845.77
Maintenance expenses	41,314,408.64	37,737,033.88	18,920,913.00		60,130,529.52
Others		3,211,921.00			3,211,921.00
Total	210,898,232.43	128,243,806.29	56,268,379.07	243,960.08	282,629,699.57

Other explanations

29. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	**103,219,759.79**	**15,482,963.98**	90,306,347.20	13,545,952.09
Unrealized profits from internal transactions	**7,126,578.99**	**1,211,518.43**	11,402,041.18	1,938,347.00
Deductible losses	**440,986,678.68**	**89,359,883.08**	327,221,459.53	66,994,543.05
Provision for credit impairment	**88,026,267.77**	**13,473,643.18**	85,092,257.99	13,005,781.07
Deferred income	**76,910,720.53**	**11,581,608.08**	78,270,921.08	12,040,638.16
Share-based payment	**1,661,232,406.33**	**253,984,725.66**	1,661,232,406.33	253,984,725.66
Accrued expenses	**28,822,935.87**	**5,440,314.24**	26,415,660.45	5,197,374.67
Lease liabilities	**104,910,696.85**	**16,652,640.68**	80,484,950.40	12,690,858.52
Book-tax differences from demolition and reconstruction	**5,393,610.90**	**809,041.64**	6,215,122.92	932,268.44
Total	**2,516,629,655.71**	**407,996,338.97**	2,366,641,167.08	380,330,488.66

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Deferred income tax assets/Deferred income tax liabilities (Continued)

(2) Deferred income tax liabilities before offsetting

Unit: RMB

Item	Closing balance Taxable temporary differences	Closing balance Deferred income tax liabilities	Opening balance Taxable temporary differences	Opening balance Deferred income tax liabilities
Asset appreciation from appraisal for business combination not under common control	1,009,375,862.81	171,599,102.86	901,451,052.08	153,251,882.18
Fair value changes in investments in other equity instruments	2,864,124,053.67	429,618,608.05	2,378,751,959.55	356,812,793.95
Accelerated depreciation of fixed assets	116,736,919.50	25,451,360.89	120,930,401.56	26,273,268.09
Financial assets held for trading	594,820,131.07	95,072,885.09	0.00	0.00
Right-of-use assets	93,492,569.78	14,461,575.20	70,966,992.24	10,794,578.86
Provision for withholding income tax	7,636,563.73	381,828.19	612,889,334.71	30,644,466.74
Total	4,686,186,100.56	736,585,360.28	4,084,989,740.14	577,776,989.82

(3) Deferred income tax assets or liabilities stated on a net basis after offsetting

Unit: RMB

Item	Offset amount of deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the beginning of the period	Opening balances of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	39,798,057.81	368,198,281.16	37,067,844.15	343,262,644.51
Deferred income tax liabilities	39,798,057.81	696,787,302.47	37,067,844.15	540,709,145.67

(4) Breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	7,634,855.24	6,003,779.92
Deductible losses	38,105,124.95	33,059,486.39
Total	45,739,980.19	39,063,266.31

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Deferred income tax assets/Deferred income tax liabilities (Continued)

(5) Deductible losses for which no deferred income tax assets are recognized will expire in the following years

☐ Applicable ☑ Not applicable

Other explanations

30. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Contract acquisition costs	11,045,639.88		11,045,639.88	12,133,572.14		12,133,572.14
Prepayments related to long-term assets	4,353,735,788.88		4,353,735,788.88	3,279,530,502.49		3,279,530,502.49
Deposits for right-of-use assets	6,465,179.01		6,465,179.01	5,213,156.61		5,213,156.61
Total	4,371,246,607.77		4,371,246,607.77	3,296,877,231.24		3,296,877,231.24

Information on compensatory assets

Other explanations:

31. Assets with restricted ownership or use rights

Unit: RMB

Item	At the end of the period				At the beginning of the period			
	Gross carrying amount	Carrying amount	Type of restriction	Details of restrictions	Gross carrying amount	Carrying amount	Type of restriction	Details of restrictions
Bank balances, deposits and cash	72,413,849.31	72,413,849.31	International Trade Financing Loan Contract		73,065,509.31	73,065,509.31	International Trade Financing Loan Agreement	
Notes receivables	2,760,763.82	2,733,156.18	Commercial bills endorsed but not derecognized at the end of the period		13,857,989.69	13,719,409.79	Commercial bills endorsed but not derecognized at the end of the period	
Fixed assets	839,814,908.00	709,305,979.54	Mortgaged borrowings		839,814,908.00	716,725,819.49	Mortgaged borrowings	
Notes receivables	57,201,527.33	56,629,512.06	Commercial bills discounted but not derecognized at the end of the period		102,516,013.68	101,490,853.54	Commercial bills discounted but not derecognized at the end of the period	
Other equity instruments					2,683,283,463.72	2,683,283,463.72	Pledged loans	
Total	972,191,048.46	841,082,497.09			3,712,537,884.40	3,588,285,055.85		

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Short-term borrowings

(1) *Classification of short-term borrowings*

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans	**57,201,527.33**	102,516,013.68
Guaranteed loans	**212,108,583.20**	
Credit borrowings	**2,967,471,469.34**	1,396,634,076.63
Interest payables to banks	**2,411,398.16**	554,915.67
Total	**3,239,192,978.03**	1,499,705,005.98

Explanation on classification of short-term borrowings:

(2) *Overdue and outstanding short-term borrowings*

The total amount of the overdue and outstanding short-term borrowings at the end of the period is RMB0.00. Details of significant overdue and outstanding short-term borrowings are as follows:

☐ Applicable ☑ Not applicable

Other explanations

33. Financial liabilities held for trading

☐ Applicable ☑ Not applicable

Other explanations:

34. Derivative financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Foreign exchange instruments	**1,852,000.00**	1,736,000.00
Total	**1,852,000.00**	1,736,000.00

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Notes payables

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills	801,770,434.66	536,844,763.13
Bank acceptance	2,910,285,757.46	1,827,815,357.55
Letter of credit meeting payment conditions	338,563,893.54	1,019,335,420.51
Total	4,050,620,085.66	3,383,995,541.19

At the end of the period, the total amount of notes payables due but unpaid is RMB0.00. Reason for non-payment: 0.

36. Trade payables

(1) Presentation of trade payables

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year (inclusive)	8,614,479,416.06	7,125,325,786.35
1–2 years (inclusive)	31,731,693.30	7,343,326.49
2–3 years (inclusive)	1,940,599.68	2,532,443.69
3–4 years (inclusive)	5,643,618.59	6,743,502.12
Total	8,653,795,327.63	7,141,945,058.65

(2) Significant trade payables aged over one year or overdue

Unit: RMB

Item	Closing balance	Reasons for non-payment or carry-forward
No. 1	8,298,281.20	Not due
No. 2	2,597,154.52	Not due
No. 3	869,593.70	Not due
No. 4	585,616.06	Not due
No. 5	478,695.79	Not due
Total	12,829,341.27	

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	**328,758,928.13**	238,290,382.79
Total	**328,758,928.13**	238,290,382.79

(1) Interest payables

☐ Applicable ☑ Not applicable

Significant interest due but unpaid:

☐ Applicable ☑ Not applicable

Other explanations:

(2) Dividends payable

☐ Applicable ☑ Not applicable

Other explanations, including disclosure of reasons for non-payment of significant dividends payable that have been unpaid for more than one year:

(3) Other payables

1) Presentation of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Water and electricity expenses	**87,240,874.07**	32,359,911.69
Commission expenses	**10,332,664.14**	12,886,823.68
Meal expenses	**20,894,183.05**	12,668,768.75
Deposits and security deposits	**147,030,540.13**	84,609,144.43
Unpaid staff reimbursements	**2,814,714.47**	2,838,334.98
Others	**60,445,952.27**	92,927,399.26
Total	**328,758,928.13**	238,290,382.79

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Other payables (Continued)

(3) Other payables (Continued)

2) Significant other payables aged over 1 year or overdue

Unit: RMB

Item	Closing balance	Reasons for non-payment or carry-forward
No. 1	26,000,000.00	Not due
No. 2	4,000,000.00	Not due
No. 3	3,000,000.00	Not due
No. 4	1,000,000.00	Not due
No. 5	510,817.50	Not due
Total	34,510,817.50	

Other explanations

38. Receipts in advance

(1) Presentation of receipts in advance

☐ Applicable ☑ Not applicable

(2) Significant receipts in advance aged over one year or overdue

☐ Applicable ☑ Not applicable

39. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	12,568,277.63	11,384,115.82
1 to 2 years	3,205,810.27	38,782.98
Total	15,774,087.90	11,422,898.80

Significant contract liabilities aged over one year

☐ Applicable ☑ Not applicable

Amount of and reason for significant change in carrying amount within the Period under Review

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Salaries payable

(1) *Presentation of salaries payable*

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term employee benefits	265,640,809.80	1,473,148,420.09	1,450,068,104.54	288,721,125.35
II. Post-employment benefits – defined contribution plans	13,275,229.49	94,882,287.64	94,137,282.59	14,020,234.54
III. Termination benefits		334,812.04	155,782.05	179,029.99
Total	278,916,039.29	1,568,365,519.77	1,544,361,169.18	302,920,389.88

(2) *Presentation of short-term employee benefits*

Unit: RMB

Item	Opening balance	Increase dur ing the period	Decrease during the period	Closing balance
1. Salaries, bonuses, allowances and subsidies	241,301,705.00	1,348,226,761.25	1,324,414,379.85	265,114,086.40
2. Employee welfare expenses	8,467,297.33	54,561,890.21	56,541,200.09	6,487,987.45
3. Social insurance premiums	9,093,637.52	45,758,881.42	45,054,372.31	9,798,146.63
Including: Medical insurance premiums	6,823,842.59	32,607,551.93	32,249,233.13	7,182,161.39
Work-related injury insurance premiums	723,114.40	3,986,273.54	3,838,664.06	870,723.88
Maternity insurance premiums		201.84	201.84	
Others	1,546,680.53	9,164,854.11	8,966,273.28	1,745,261.36
4. Housing provident funds	2,537,910.16	20,615,768.76	20,465,690.98	2,687,987.94
5. Labor union funds and employee education funds	4,240,259.79	3,985,118.45	3,592,461.31	4,632,916.93
Total	265,640,809.80	1,473,148,420.09	1,450,068,104.54	288,721,125.35

(3) *Presentation of defined contribution plans*

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic endowment insurance	12,744,371.96	90,708,752.60	89,980,221.94	13,472,902.62
2. Unemployment insurance premium	530,857.53	4,173,535.04	4,157,060.65	547,331.92
Total	13,275,229.49	94,882,287.64	94,137,282.59	14,020,234.54

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	**5,034,931.74**	5,034,846.76
Enterprise income tax	**382,271,343.32**	370,774,355.06
Personal income tax	**194,681,301.83**	74,237,135.55
Urban maintenance and construction tax	**2,252,485.07**	7,472,313.18
Educational surcharge	**1,301,217.03**	4,061,670.16
Local educational surcharge	**867,477.84**	2,604,979.91
Real estate tax	**5,562,385.98**	107,698.62
Stamp duty	**3,176,746.88**	3,320,567.81
Land use tax	**866,947.38**	
Local water conservancy construction fund	**3,655,148.62**	3,259,405.12
Environmental protection tax	**28,694.36**	26,431.65
Others	**86,774.44**	655,464.01
Total	**599,785,454.49**	471,554,867.83

Other explanations

42. Liabilities held for sale

☐ Applicable ☑ Not applicable

Other explanations

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	**1,015,841,614.80**	974,121,155.10
Lease liabilities due within one year	**31,674,234.61**	22,114,112.20
Total	**1,047,515,849.41**	996,235,267.30

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output value-added tax to be transferred	2,602,643.06	1,249,758.47
Notes not derecognized	2,760,763.82	13,857,989.69
Total	5,363,406.88	15,107,748.16

Changes in short-term bonds payable:

☐ Applicable ☑ Not applicable

Other explanations:

45. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans		668,520,000.00
Mortgaged borrowings	132,223,150.01	151,970,191.66
Guaranteed loans	109,240,244.87	7,628,708.10
Credit borrowings	5,750,395,738.63	3,039,317,450.02
Total	5,991,859,133.51	3,867,436,349.78

Explanations on classification of long-term borrowings:

Other explanations, including the interest rate range:

46. Bonds payable

(1) Bonds payable

☐ Applicable ☑ Not applicable

(2) Changes in bonds payable (excluding other financial instruments classified as financial liabilities, such as preferred shares and perpetual bonds)

☐ Applicable ☑ Not applicable

(3) Explanation on convertible corporate bonds

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Bonds payable (Continued)

(4) Explanation on other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Statement of changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☐ Applicable ☑ Not applicable

Explanation on basis for classifying other financial instruments as financial liabilities

Other explanations

47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities	**104,077,759.88**	95,525,647.57
Unrecognized financing charges	**-12,021,429.16**	-13,206,088.93
Total	**92,056,330.72**	82,319,558.64

Other explanations

48. Long-term payables

☐ Applicable ☑ Not applicable

(1) Presentation of long-term payables by nature

☐ Applicable ☑ Not applicable

Other explanations:

(2) Special payables

☐ Applicable ☑ Not applicable

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Long-term salaries payable

(1) *Table of long-term salaries payable*

Unit: RMB

Item	Closing balance	Opening balance
III. Other long-term benefits	**4,893,798.82**	5,170,800.21
Total	**4,893,798.82**	5,170,800.21

(2) *Changes in defined benefit plans*

Present value of defined benefit obligations:

Unit: RMB

Item	Amount for the period	Amount for the prior period
I. Opening balance	**5,170,800.21**	5,585,180.93
IV. Other changes	**-277,001.39**	-414,380.72
1. Consideration paid upon settlement	**-277,001.39**	-414,380.72
V. Closing balance	**4,893,798.82**	5,170,800.21

Plan assets:

Unit: RMB

Item	Amount for the period	Amount for the prior period
I. Opening balance	**5,170,800.21**	5,585,180.93
IV. Other changes	**-277,001.39**	-414,380.72
V. Closing balance	**4,893,798.82**	5,170,800.21

Net liabilities (net assets) of the defined benefit plans

Unit: RMB

Item	Amount for the period	Amount for the prior period
I. Opening balance	**5,170,800.21**	5,585,180.93
IV. Other changes	**-277,001.39**	-414,380.72
V. Closing balance	**4,893,798.82**	5,170,800.21

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Long-term salaries payable (Continued)

(2) Changes in defined benefit plans (Continued)

Explanation on the content of the defined benefit plans and related risks, and their impact on the Company's future cash flows, timing and uncertainty:

Explanation on significant actuarial assumptions and sensitivity analysis results of defined benefit plans:

Other explanations:

50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason for formation
Product warranty	**10,443,261.84**	10,891,269.23	
Total	**10,443,261.84**	10,891,269.23	

Other explanations, including descriptions of key assumptions and estimates relating to significant estimated liabilities:

51. Deferred income

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason for formation
Government grant	80,270,921.08	2,500,000.00	5,560,200.55	**77,210,720.53**	
Total	80,270,921.08	2,500,000.00	5,560,200.55	**77,210,720.53**	

Other explanations:

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Interests of other investors in a partnership	**1,171,689.72**	1,171,689.72
Total	**1,171,689.72**	1,171,689.72

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Share capital

Unit: RMB

		Changes during the period (+/-)					
	Opening balance	Issuance of new shares	Bonus shares	Capital reserve transferred to share capital	Others	Subtotal	Closing balance
Total number of shares	870,349,313.00	112,435,500.00				112,435,500.00	982,784,813.00

Other explanations:

54. Other equity instruments

(1) Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

(2) Statement of changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

☐ Applicable ☑ Not applicable

Changes in other equity instruments during the period, the reasons for such changes, and the basis for relevant accounting treatment:

Other explanations:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	5,125,788,335.16	19,941,073,743.51		25,066,862,078.67
Other capital reserves	261,494,101.68			261,494,101.68
Total	5,387,282,436.84	19,941,073,743.51		25,328,356,180.35

Other explanations, including explanation on changes during the period and reasons for the changes:

The increase in share premium for the period was primarily due to the issuance of shares for overseas listing, resulting in an increase of RMB19,941,073,743.51.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Treasury shares

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Restricted shares with repurchase obligations	5,433,572.43			5,433,572.43
Total	5,433,572.43			5,433,572.43

Other explanations, including explanation on changes during the period and reasons for the changes:

57. Other comprehensive income

Unit: RMB

		Amount for the period						
Item	Opening balance	Pre-tax amount during the period	Less: Transfer to profit or loss from other comprehensive income	Less: Transfer to retained earnings from other comprehensive income	Less: Income tax expenses	Net-of-tax amount attributable to the parent	Net-of-tax amount attributable to non-controlling interests	Closing balance
I. Other comprehensive income that cannot be reclassified to profit or loss	2,021,939,165.59	485,372,094.12			72,805,814.10	412,566,280.02		2,434,505,445.61
Fair value changes in investments in other equity instruments	2,021,939,165.59	485,372,094.12			72,805,814.10	412,566,280.02		2,434,505,445.61
II. Other comprehensive income that will be reclassified to profit or loss	-27,668,586.28	-291,457,346.91				-291,457,346.91		-319,125,933.19
Exchange differences on translation of foreign operations	-27,668,586.28	-291,457,346.91				-291,457,346.91		-319,125,933.19
Total other comprehensive income	1,994,270,579.31	193,914,747.21			72,805,814.10	121,108,933.11		2,115,379,512.42

Other explanations, including adjustment for the effective portion of cash flow hedge gains and losses transferred to the initial recognition amount of the hedged item:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety costs	8,986,240.46	4,670,059.32	4,114,111.62	9,542,188.16
Total	8,986,240.46	4,670,059.32	4,114,111.62	9,542,188.16

Other explanations, including explanation on changes during the period and reasons for the changes:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	476,717,063.58			476,717,063.58
Total	476,717,063.58			476,717,063.58

Explanation on surplus reserve, including explanation on changes during the period and reasons for the changes:

60. Undistributed profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of prior period before adjustment	7,885,436,382.81	3,831,024,337.01
Undistributed profits at the beginning of the period after adjustment	7,885,436,382.81	3,831,024,337.01
Add: Net profit attributable to the owners of the parent for the period	2,856,778,938.24	4,311,988,274.40
Dividends payable on ordinary shares	1,740,262,584.86	257,576,228.60
Undistributed profits at the end of the period	9,001,952,736.19	7,885,436,382.81

Details of adjustments to opening undistributed profits:

1) The effect of retrospective adjustments under the Accounting Standards for Business Enterprises and the related new requirements on the opening undistributed profits amounted to RMB0.00.

2) The effect of changes in accounting policies on the opening undistributed profits amounted to RMB0.00.

3) The effect of corrections of significant accounting errors on the opening undistributed profits amounted to RMB0.00.

4) The effect of changes in the scope of consolidation due to business combinations under common control on the opening undistributed profits amounted to RMB0.00.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

60. Undistributed profits (Continued)

5) The aggregate effect of other adjustments on the opening undistributed profits amounted to RMB0.00.

Detailed explanation on the use of capital reserves to offset losses:

61. Operating income and operating cost

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	10,839,211,314.90	7,740,840,914.82	8,559,995,758.39	5,730,864,896.27
Other operations	790,155,975.91	25,093,803.11	470,870,605.69	28,800,186.73
Total	11,629,367,290.81	7,765,934,717.93	9,030,866,364.08	5,759,665,083.00

Breakdown of operating income and operating cost:

☐ Applicable ☑ Not applicable

Information on performance obligations:

☐ Applicable ☑ Not applicable

Other explanations

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have been contracted but not yet performed or not fully performed at the end of the Period under Review was RMB0.00, of which: RMB0.00 is expected to be recognized as revenue in the year 0, RMB0.00 is expected to be recognized as revenue in the year 0 and RMB0.00 is expected to be recognized as revenue in the year 0.

Information related to variable consideration in contracts

Significant contract changes or significant transaction price adjustments

☐ Applicable ☑ Not applicable

Other explanations

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. Taxes and surcharges

Unit: RMB

Item	Amount for the period	Amount for the prior period
Urban maintenance and construction tax	5,505,936.18	4,020,934.43
Educational surcharge	3,097,856.72	2,768,586.72
Real estate tax	7,831,202.74	7,693,747.31
Land use tax	1,361,450.63	1,316,070.62
Vehicle and vessel use tax	3,202.64	14,122.85
Stamp duty	6,636,377.35	4,979,201.43
Local educational surcharge	2,014,837.81	1,841,174.18
Environmental protection tax	398,421.38	299,878.28
Prefectural inhabitant tax	3,182.48	3,241.77
Others	426,859.75	598,938.57
Property management tax	251,484.82	249,700.88
Local water conservancy construction fund	599,762.77	519,814.84
Total	28,130,575.27	24,305,411.88

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Administrative expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Salaries, benefits and social security contributions, etc.	150,454,336.05	110,989,341.71
Depreciation expenses	37,532,345.82	29,378,993.37
Amortization of intangible assets	27,686,786.48	19,019,294.65
Intermediary service fees	11,708,245.84	11,393,037.67
Entertainment expenses	9,563,532.81	7,806,891.98
Amortization of low-value consumables	8,872,083.60	3,604,122.47
Insurance expenses	7,715,486.46	6,379,271.08
Transportation and business travel costs	7,671,598.38	3,186,031.71
Office expenses	5,862,144.81	4,802,122.34
Environmental protection expenses	2,501,400.92	1,973,048.77
Maintenance expenses	1,230,452.18	3,164,673.32
Depreciation of right-of-use assets	646,467.78	523,059.06
Share-based payment	–	2,194,671.27
Others	20,212,108.03	26,405,634.13
Total	291,656,989.16	230,820,193.53

Other explanations

64. Selling expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Salaries, benefits and social security contributions, etc.	61,670,367.84	63,847,603.38
Insurance expenses	14,553,372.22	14,167,718.16
Promotion and advertising expenses	13,782,942.37	18,282,392.30
Travel, transportation and vehicle expenses	8,059,950.79	8,272,782.06
Depreciation expense	1,054,586.92	365,050.96
Consulting service expenses	842,300.76	4,572,881.46
Storage service expenses	577,194.88	499,505.49
Share-based payment	–	917,833.04
Others	4,184,344.67	7,863,706.16
Total	104,725,060.45	118,789,473.01

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

65. Research and development expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Direct input costs	203,089,139.28	201,177,053.03
Personnel and labor costs	141,178,917.21	141,880,252.76
Depreciation expenses	7,092,595.11	4,490,242.37
Other relevant expenses	7,804,567.56	5,225,354.15
Total	359,165,219.16	352,772,902.31

Other explanations

66. Finance expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Interest expenses	110,062,017.22	65,021,099.81
Including: Interest expenses on lease liabilities	2,309,108.01	2,004,705.74
Less: Interest income	38,066,861.91	6,977,425.65
Exchange losses/(gains)	222,407,111.82	-22,645,672.79
Brokerage expenses	2,108,907.01	1,521,761.35
Others	168,395.09	429,046.53
Total	296,679,569.23	37,348,809.25

Other explanations

67. OTHER INCOME

Unit: RMB

Sources of other income	Amount for the period	Amount for the prior period
Government grants	14,262,883.84	16,425,257.18
Additional deduction of input VAT	2,928,163.84	4,353,547.28
Brokerage expenses for withholding individual income tax	4,522,880.45	921,575.40
Total	21,713,928.13	21,700,379.86

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

68. Net exposure hedging gains

☐ Applicable ☑ Not applicable

Other explanations

69. Income from change in fair value

Unit: RMB

Source of income from change in fair value	Amount for the period	Amount for the prior period
Financial assets held for trading	594,820,131.07	
Financial liabilities held for trading		29,066.06
Total	594,820,131.07	29,066.06

Other explanations:

70. Investment income

Unit: RMB

Item	Amount for the period	Amount for the prior period
Investment income from financial assets held for trading during the holding period	-6,965,028.90	
Income from wealth management products	597,732.88	
Other investment income	2,837,333.34	52,180.00
Total	-3,529,962.68	52,180.00

Other explanations

71. Credit impairment losses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Bad debt losses on notes receivables	532,415.67	492,037.12
Bad debt losses on trade receivables	-11,353,036.77	-21,179,770.82
Bad debt losses on other receivables	5,993,433.29	-3,437,610.52
Total	-4,827,187.81	-24,125,344.22

Other explanations

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

72. Asset impairment losses

Unit: RMB

Item	Amount for the period	Amount for the prior period
I. Impairment losses on inventories and contract performance costs	-12,679,160.97	-27,762,351.15
IV. Impairment losses on fixed assets	-2,167,056.64	
Total	-14,846,217.61	-27,762,351.15

Other explanations:

73. Gains on disposal of assets

Unit: RMB

Source of gains on disposal of assets	Amount for the period	Amount for the prior period
Gains and losses on disposal of fixed assets	-29,174,455.47	-10,325,117.64
Gains and losses on disposal of right-of-use assets		-889,966.91
Total	-29,174,455.47	-11,215,084.55

74. Non-operating income

Unit: RMB

Item	Amount for the period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
Gains on damage and scrapping of fixed assets	7,964.60	156,950.74	7,964.60
Supplier compensation		13,800.00	
Others	3,962,648.36	465,626.85	3,962,648.36
Total	3,970,612.96	636,377.59	3,970,612.96

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

75. Non-operating expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
External donations	9,149,179.20	3,134,343.57	9,149,179.20
Others	12,696,212.62	4,618,145.47	12,696,212.62
Losses on damage and scrapping of non-current assets	35,366,708.63	5,121,393.25	35,366,708.63
Total	57,212,100.45	12,873,882.29	57,212,100.45

Other explanations:

76. Income tax expenses

(1) Table of income tax expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Current income tax expenses	381,118,205.36	342,671,291.75
Deferred income tax expenses	56,092,764.15	-32,185,268.60
Total	437,210,969.51	310,486,023.15

(2) Reconciliation between accounting profit and income tax expense

Unit: RMB

Item	Amount for the period
Total profit	3,293,989,907.75
Income tax calculated at statutory/applicable tax rate	494,098,486.16
Effect of different tax rates applicable to subsidiaries	7,521,747.45
Effect of adjustments to income tax of the prior period	-8,895,763.50
Effect of non-deductible costs, expenses and losses	3,844,155.75
Effect of deductible temporary differences or deductible losses for which no deferred tax assets are recognized in the period	1,200,190.20
Additional deduction	-47,658,442.62
Others	-12,899,403.93
Income tax expenses	437,210,969.51

Other explanations:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

77. Other comprehensive income

As detailed in Note 57

78. Cash flow statement items

(1) *Cash relating to operating activities*

Other cash received relating to operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Current accounts	**187,616,728.23**	30,075,819.19
Government grants recognized directly in profit or loss	**12,402,683.29**	19,426,617.13
Interest income	**40,854,297.03**	6,977,425.65
Others	**8,485,528.81**	1,401,002.25
Total	**249,359,237.36**	57,880,864.22

Explanation of other cash received relating to operating activities:

Other cash paid relating to operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Administrative expenses and research and development expenses	**329,559,710.51**	261,090,851.45
Selling expenses	**54,112,160.89**	53,922,378.46
Current accounts	**39,929,380.66**	6,406,008.15
Brokerage expenses	**2,108,907.01**	1,521,761.35
Others	**21,845,391.82**	7,857,283.40
Total	**447,555,550.89**	330,798,282.81

Explanation of other cash paid relating to operating activities:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

78. Cash flow statement items (Continued)

(2) Cash relating to investing activities

Other cash received relating to investing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Cash received from recovery of principal of short-term bank wealth management products	**137,000,000.00**	8,730,268.46
Others	**116,000.00**	856,000.00
Total	**137,116,000.00**	9,586,268.46

Significant cash received relating to investing activities

☐ Applicable ☑ Not applicable

Explanation of other cash received relating to investing activities:

Other cash paid relating to investing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Cash paid for principal of short-term bank wealth management products	**14,024,574,821.88**	
Total	**14,024,574,821.88**	

Significant cash paid relating to investing activities

☐ Applicable ☑ Not applicable

Explanation of other cash paid relating to investing activities:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

78. Cash flow statement items (Continued)

(3) Cash relating to financing activities

Other cash received relating to financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Restricted cash recovered	**651,660.00**	662,358,150.63
Others		90.79
Total	**651,660.00**	662,358,241.42

Explanation of other cash received relating to financing activities:

Other cash paid relating to financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Payments of lease liabilities	**15,596,291.71**	11,152,412.79
Repurchased treasury shares		41,681,599.90
Issuance expenses paid	**6,801,647.28**	
Gains and losses on foreign exchange hedges	**407,934.37**	
Total	**22,805,873.36**	52,834,012.69

Explanation of other cash paid relating to financing activities:

Changes in liabilities arising from financing activities

☐ Applicable ☑ Not applicable

(4) Explanation on presenting cash flows in net amount

☐ Applicable ☑ Not applicable

(5) Significant activities not involving current cash receipts and payments but affecting the Company' s financial position or potentially affecting the Company' s future cash flows, and the financial impact thereof

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

79. Supplementary information on the cash flow statement

(1) Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,856,778,938.24	2,143,119,809.25
Add: Provision for impairment of assets	19,619,802.02	51,877,648.42
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	555,585,201.33	410,082,493.59
Depreciation of right-of-use assets	13,233,410.91	9,211,761.99
Amortization of intangible assets	32,870,591.40	24,491,020.77
Amortization of long-term deferred expenses	56,268,379.07	41,327,648.60
Losses on disposal of fixed assets, intangible assets and other long-term assets ("–" for gain)	29,174,455.47	12,111,554.09
Losses on scrapping of fixed assets ("–" for gain)	35,366,708.63	4,964,442.51
Losses from changes in fair value ("–" for gain)	-594,820,131.07	-29,066.06
Financial expenses ("–" for gain)	233,795,557.54	36,947,636.12
Investment loss ("–" for gain)	3,529,962.68	-52,180.00
Decrease in deferred income tax assets ("–" for increase)	-24,935,636.65	-31,200,511.64
Increase in deferred income tax liabilities ("–" for decrease)	81,043,123.70	221,277.83
Decrease in inventories ("–" for increase)	-2,743,601,391.13	-684,188,854.44
Decrease in operating receivable items ("–" for increase)	-4,076,455,123.10	-2,213,343,626.93
Increase in operating payable items ("–" for decrease)	6,433,721,433.96	1,379,825,101.95
Others		4,759,959.19
Net cash flow generated from operating activities	2,911,175,283.00	1,190,126,115.24
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,999,840,776.77	1,102,500,617.69
Less: opening balance of cash	3,206,581,146.36	926,645,908.54
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,793,259,630.41	175,854,709.15

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

79. Supplementary information on the cash flow statement (Continued)

(2) *Net cash paid for acquisition of subsidiaries paid during the period*

☐ Applicable ☑ Not applicable

Other explanations:

(3) *Net cash received from disposal of subsidiaries during the period*

☐ Applicable ☑ Not applicable

Other explanations:

(4) *Composition of cash and cash equivalents*

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	**5,999,840,776.77**	3,206,581,146.36
Including: Cash on hand	**38,003.58**	41,943.08
Bank deposits that can be readily used for payment	**5,999,746,603.16**	3,206,529,740.13
Other bank balances, deposits and cash that can be readily used for payments	**56,170.03**	9,463.15
III. Closing balance of cash and cash equivalents	**5,999,840,776.77**	3,206,581,146.36

(5) *Cash and cash equivalents with restrictions on use but still presented as cash and cash equivalents*

☐ Applicable ☑ Not applicable

(6) *Bank balances, deposits and cash which are not classified as cash and cash equivalents*

☐ Applicable ☑ Not applicable

Other explanations:

(7) *Explanation of other significant activities*

80. Notes to items in the statement of changes in owners' equity

Explanation of the names of "Other" items, adjustment amounts and other matters regarding adjustments to the closing balance of the prior year:

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

81. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance translated into RMB
Bank balances, deposits and cash			2,150,778,943.97
Including: USD	104,558,974.12	6.8109	712,140,716.83
Euro	6,539,302.51	7.7671	50,791,416.53
Hong Kong dollar	1,289,571,794.14	0.8685	1,120,057,581.80
Japanese Yen	518,015,029.00	0.0420	21,779,941.90
Malaysian Ringgit	1,474,015.61	1.6734	2,466,617.72
Singapore dollar	372,985.42	5.2605	1,962,089.80
Thai Baht	151,569,876.24	0.2042	30,957,267.26
Vietnamese Dong	813,003,878,595.00	0.0003	210,623,312.13
Trade receivables			5,418,004,231.98
Including: USD	767,977,994.99	6.8109	5,230,621,326.07
Euro	17,497,282.89	7.7671	135,903,145.93
Hong Kong dollar	6,624,722.97	0.8686	5,753,903.14
Malaysian Ringgit	5,732.72	1.6734	9,593.13
Thai Baht	223,831,398.75	0.2042	45,716,263.71
Long-term borrowings			
Including: USD			
Euro			
Hong Kong dollar			
Other receivables			17,992,990.84
Including: USD	905,861.07	6.8109	6,169,729.16
Euro	130,874.37	7.7671	1,016,514.32
Hong Kong dollar	3,617,904.00	0.8685	3,142,330.51
Malaysian Ringgit	2,021,679.36	1.6734	3,383,078.24
Singapore dollar	51,305.05	5.2605	269,890.22
Thai Baht	18,641,310.71	0.2042	3,807,379.49
Vietnamese Dong	787,703,900.00	0.0003	204,068.90
Short-term borrowings			408,712,787.15
Including: USD	25,800,000.00	6.8109	175,721,220.00
Japanese Yen	5,541,480,964.44	0.0420	232,991,567.15

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

81. Monetary items in foreign currencies (Continued)

(1) Monetary items in foreign currencies (Continued)

Item	Closing foreign currency balance	Exchange rate	Closing balance translated into RMB
Notes payables			312,868,017.75
Including: USD	17,611,000.00	6.8109	119,946,759.90
Euro	2,623,500.00	7.7671	20,376,986.85
Japanese Yen	4,103,800,000.00	0.0420	172,544,271.00
Trade payables			1,233,153,508.89
Including: USD	144,406,559.77	6.8109	983,538,637.92
Euro	192,650.84	7.7671	1,496,338.34
Hong Kong dollar	113,601.04	0.8685	98,668.18
Japanese Yen	729,251,000.00	0.0420	30,661,358.30
Malaysian Ringgit	5,253,691.38	1.6734	8,791,527.16
Singapore dollar	448,264.91	5.2605	2,358,097.56
Thai Baht	1,008,681,776.31	0.2042	206,017,396.77
Vietnamese Dong	739,128,860.00	0.0003	191,484.66
Other payables			18,171,718.63
Including: USD	755,015.76	6.8109	5,142,336.84
Euro	26,277.56	7.7671	204,100.44
Japanese Yen	300,001.00	0.0420	12,613.54
Malaysian Ringgit	1,607,858.57	1.6734	2,690,590.53
Singapore dollar	48,498.39	5.2605	255,125.78
Thai Baht	47,985,920.09	0.2042	9,800,845.59
Vietnamese Dong	255,168,158.00	0.0003	66,105.91

Other explanations:

(2) the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used and its estimation process, and risks to the enterprise because the currency is not exchangeable

☐ Applicable ☑ Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

81. Monetary items in foreign currencies (Continued)

(3) Notes on the overseas operating entities, including, for significant overseas operating entities, disclosures of their principal overseas places of business, functional currency and selection basis, as well as reasons for changes in the functional currency.

☑ Applicable ☐ Not applicable

The functional currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. Functional currency of VGTPCB Inc., Pole Star Limited, MFS Technology (S) Pte Ltd., Victory Giant Technology (S) Pte Ltd's is the U.S. dollar; that of Hongxing International Co., Ltd. is the Japanese Yen; that of MFS Technology (M) Sdn. Bhd. is the Malaysian Ringgit; that of MFS Technology Europe UG is the Euro; that of Victory Giant Technology (Vietnam) Co., Ltd. is the Vietnamese Dong; and that of Victory Giant Technology (Thailand) Co., Ltd. is the Thai Baht.

(4) Lack of exchangeability between the functional currency of a foreign operation and the entity's presentation currency

☐ Applicable ☑ Not applicable

82. Leases

(1) The Company as lessee

☐ Applicable ☑ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☑ Not applicable

Lease expenses for short-term leases or leases of low-value assets subject to simplified treatment

☐ Applicable ☑ Not applicable

Circumstances involving sale and leaseback transactions

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

82. Leases (Continued)

(2) The Company as lessor

Operating leases as lessor

☐ Applicable ☑ Not applicable

Finance leases as lessor

☐ Applicable ☑ Not applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☑ Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases

(3) Recognition of selling profits and losses on finance leases as a manufacturer or dealer

☐ Applicable ☑ Not applicable

83. Data resources

84. Others

VIII. RESEARCH AND DEVELOPMENT EXPENDITURES

Unit: RMB

Item	Amount for the period	Amount for the prior period
Direct input costs	203,089,139.28	201,177,053.03
Personnel and labor costs	141,178,917.21	141,880,252.76
Depreciation expenses	7,092,595.11	4,490,242.37
Other relevant expenses	7,804,567.56	5,225,354.15
Total	359,165,219.16	352,772,902.31
Including: Expensed research and development expenditures	359,165,219.16	352,772,902.31
Capitalised research and development expenditures	0.00	0.00

1. R&D projects eligible for capitalisation

☐ Applicable ☑ Not applicable

Significant capitalised R&D projects

☐ Applicable ☑ Not applicable

Provision for impairment of development expenditure

☐ Applicable ☑ Not applicable

2. Significant purchased in-progress R&D projects

☐ Applicable ☑ Not applicable

Other explanations:

IX. CHANGE IN THE SCOPE OF CONSOLIDATION

1. Business combinations not under common control

(1) Business combinations not under common control occurred in the period

☐ Applicable ☑ Not applicable

Other explanations:

(2) Combination cost and goodwill

☐ Applicable ☑ Not applicable

IX. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations not under common control (Continued)

(2) Combination cost and goodwill (Continued)

Method for determining the fair value of combination cost:

Explanation of contingent consideration and its changes

Main reasons for the formation of significant goodwill:

Other explanations:

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

☐ Applicable ☑ Not applicable

Method for determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree assumed in business combination:

Other explanations:

(4) Gains or losses arising from remeasurement at fair value of equity held prior to the acquisition date

Whether there were transactions that achieved business combination in stages through multiple transactions and acquired control during the Period under Review

☐ Yes ☑ No

(5) Relevant explanation for the inability to reasonably determine the combination consideration or the fair value of identifiable assets and liabilities of the acquiree at the acquisition date or at the end of the period of combination

(6) Other explanations

2. Business combinations under common control

(1) Business combinations under common control occurred in the period

☐ Applicable ☑ Not applicable

Other explanations:

IX. CHANGE IN THE SCOPE OF CONSOLIDATION (Continued)

2. Business combinations under common control (Continued)

(2) Combination cost

☐ Applicable ☑ Not applicable

Explanation of contingent consideration and its changes:

Other explanations:

(3) Carrying amounts of assets and liabilities of the combined party as at the combination date

☐ Applicable ☑ Not applicable

Contingent liabilities of the combined party assumed in the business combination:

Other explanations:

3. Reverse acquisition

Basic information of the transaction, basis for constituting a reverse acquisition, whether the assets and liabilities retained by the listed company constitute a business and the basis therefor, determination of the combination cost, and the amount and calculation of equity adjustment when accounted for as an equity transaction:

4. Disposal of subsidiaries

Whether there were transactions or events resulting in the loss of control over subsidiaries in the current period

☐ Yes ☑ No

Whether there was disposal of investments in subsidiaries in stages through multiple transactions with loss of control in the current period

☐ Yes ☑ No

5. Changes in the scope of consolidation due to other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant circumstances:

6. Others

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of operation	Place of registration	Business nature	Shareholding percentage Direct	Shareholding percentage Indirect	Method of acquisition
Shenghua Electronics (Huiyang) Co., ltd (勝華電子(惠陽)有限公司)	60,000,000.00	Huizhou, Guangdong	Huizhou, Guangdong	Manufacturing	100.00%		Business combinations under common control
Hongxing International Technology Limited (宏興國際科技有限公司)	50,000.00[1]	Hong Kong, the PRC	Hong Kong, PRC	Electronic trading	100.00%		Establishment by investment
Shenzhen Shenghong Electronics Co., Ltd. (深圳市勝宏電子有限公司)	100,000,000.00	Shenzhen, Guangdong	Shenzhen, Guangdong	R&D and consulting	100.00%		Establishment by investment
Huizhou Victory Giant Technology Research Institute Co., Ltd. (惠州市勝宏科技研究院有限公司)	50,000,000.00	Huizhou, Guangdong	Huizhou, Guangdong	Production and R&D	100.00%		Establishment by investment
VGTPCB, Inc.	500,000.00[2]	the United States	Delaware, the U.S.	Electronic trading		100.00%	Establishment by investment
Hongxing International Co., Ltd (宏興國際株式会社)	5,000,000.00[3]	Japan	Tokyo, Japan	Electronic trading		100.00%	Establishment by investment
Little Rhino, Inc. (小犀牛有限公司)	10,000.00[4]	Hong Kong, the PRC	Hong Kong, the PRC			100.00%	Acquisition and merger not constituting a business
Shenzhen Xiaofuniu Technology Co., Ltd. (深圳小福牛科技有限公司)	1,180,000.00[5]	Shenzhen, Guangdong	Shenzhen, Guangdong			100.00%	Acquisition and merger not constituting a business
Huizhou Victory Giant Precision Technology Co., Ltd. (惠州市勝宏精密技術有限公司)	100,000,000.00	Huizhou, Guangdong	Huizhou, Guangdong	Production and R&D	100.00%		Establishment by investment
Ningbo Kefa Fuding Venture Capital Partnership Enterprise (Limited Partnership) (寧波科發富鼎創業投資合夥企業(有限合夥))	2,750,000.00	Ningbo, Zhejiang	Ningbo, Zhejiang	Capital market services	98.97%		Acquisition and merger not constituting a business
Pole Star Limited	167,740,529.00[6]	Cayman Islands	Cayman Islands	Capital market services	100.00%		Business combination not under common control
MFS Technology (S) Pte Ltd.	19,079,000.00[7]	Singapore	Singapore	Sales		100.00%	Business combination not under common control
MFS Technology (M) Sdn. Bhd.	127,146,167.00[8]	Malaysia	Malaysia	Manufacturing and sales		100.00%	Business combination not under common control
Hunan Weisheng Technology Co., Ltd. (湖南維勝科技有限公司)	5,000,000.00[9]	Changsha, The PRC	Changsha, The PRC	Manufacturing and sales		100.00%	Business combination not under common control
Hunan Weisheng Technology Circuit Board Co., Ltd. (湖南維勝科技電路板有限公司)	17,000,000.00[10]	Changsha, The PRC	Changsha, The PRC	Manufacturing and sales		100.00%	Business combination not under common control
MFS Technology Europe UG	1,500.00[11]	Germany	Germany	Sales		100.00%	Business combination not under common control
Yiyang Weisheng Technology Co., Ltd. (益陽維勝科技有限公司)	20,000,000.00[12]	Yiyang, The PRC	Yiyang, The PRC	Manufacturing and sales		100.00%	Business combination not under common control
Sunpower Malaysia Manufacturing Sdn. Bhd.	2,257,150,000.00[13]	Malaysia	Malaysia	Manufacturing and sales		100.00%	Asset acquisition
VICTORY GIANT TECHNOLOGY (SINGAPORE) PTE. LTD.	235,644,793.00[14]	Singapore	Singapore	Capital market services	100.00%		Incorporation
VICTORY GIANT TECHNOLOGY (VIETNAM) CO., Ltd.	130,000,000.00[15]	Vietnam	Vietnam	Manufacturing and sales		100.00%	Incorporation
VICTORY GIANT TECHNOLOGY (THAILAND) CO., Ltd.	6,372,126,800.00[16]	Thailand	Thailand	Manufacturing and sales		100.00%	Business combination not under common control

Notes:
1 US Dollar
2 US Dollar
3 Japanese Yen
4 Hong Kong Dollar
5 US Dollar
6 US Dollar
7 Singapore Dollar
8 Ringgit
9 US Dollar
10 US Dollar
11 Euro
12 US Dollar
13 Ringgit
14 US Dollar
15 US Dollar
16 Thai Baht

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (Continued)

Explanation of the shareholding percentage in a subsidiary being different from the voting rights percentage:

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Basis for control over significant structured entities included in the scope of consolidation:

Basis for determining whether the Company is an agent or a principal:

Other explanations:

(2) Significant non-wholly-owned subsidiaries

☐ Applicable ☑ Not applicable

Explanation of the shareholding percentage of minority interests in a subsidiary being different from the voting rights percentage:

Other explanations:

(3) Key financial information of significant non-wholly-owned subsidiaries

☐ Applicable ☑ Not applicable

Other explanations:

(4) Significant restrictions on the use of enterprise group assets and settlement of enterprise group liabilities

(5) Financial or other support provided to structured entities included in the scope of consolidated financial statements

Other explanations:

2. Transactions where the share of owners' equity in subsidiaries changes and the control over subsidiaries remains unchanged

(1) Explanation of changes in the share of owners' equity in subsidiaries

X. INTERESTS IN OTHER ENTITIES (Continued)

2. Transactions where the share of owners' equity in subsidiaries changes and the control over subsidiaries remains unchanged (Continued)

(2) Impact of the transactions on non-controlling interests and equity attributable to owners of the parent company

☐ Applicable ☑ Not applicable

Other explanations

3. Interests in joint ventures or associates

(1) Significant joint ventures or associates

☐ Applicable ☑ Not applicable

Explanation of the shareholding percentage in a joint venture or associate being different from the voting rights percentage:

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

(2) Key financial information of significant joint ventures

☐ Applicable ☑ Not applicable

Other explanations

(3) Key financial information of significant associates

☐ Applicable ☑ Not applicable

Other explanations

(4) Summary of financial information of insignificant joint ventures and associates

☐ Applicable ☑ Not applicable

Other explanations

(5) Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

X. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates (Continued)

(6) Excess losses incurred by joint ventures or associates

☐ Applicable ☑ Not applicable

Other explanations

(7) Unrecognized commitments related to investments in joint ventures

(8) Contingent liabilities related to investments in joint ventures or associates

4. Significant joint operations

☐ Applicable ☑ Not applicable

Explanation of the shareholding percentage or share of interest held in a joint operation being different from the voting rights percentage:

Basis for classification as a joint operation where the joint operation is a separate vehicle:

Other explanations

5. Interests in structured entities not included in the scope of consolidated financial statements

Relevant explanation of structured entities not included in the scope of consolidated financial statements:

6. Others

XI. GOVERNMENT GRANTS

1. Government grants recognized based on receivable amounts at the end of the Period under Review

☐ Applicable ☑ Not applicable

The reasons for not receiving the government grant amounts at the expected dates

☐ Applicable ☑ Not applicable

XI. GOVERNMENT GRANTS (Continued)

2. Liability items involving government grants

☑ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Opening balance	Additional grant amount for the current period	Amount included in non-operating income for the current period	Amount transferred to other income for the current period	Other changes for the current period	Closing balance	Related to assets/income
Deferred income	78,770,921.08	2,500,000.00		4,360,200.55		76,910,720.53	Related to assets
Deferred income	1,500,000.00			1,200,000.00		300,000.00	Related to income
Total	80,270,921.08	2,500,000.00		5,560,200.55		77,210,720.53	

3. Government grants included in profit or loss for the current period

☑ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Amount for the current period	Amount for the prior period
Other income	14,262,883.84	12,518,791.13

Other explanations

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Various risks arising from financial instruments

The Company is exposed to various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risks). The above financial risks and the risk management policies adopted by the Company to mitigate these risks are described as follows:

(1) Credit risk

The Company only trades with recognized and creditworthy companies. Pursuant to the Company's policy, all customers requesting to transact on credit terms are subject to credit verification. In addition, the Company continuously monitors the balances of trade receivables to ensure that the Company is not exposed to significant bad debt risks. Meanwhile, the Company has purchased credit insurance for its domestic and international trade.

Other financial assets of the Company include bank balances, deposits and cash, other receivables and certain derivative instruments. The credit risk of these financial assets arises from default of the counterparties, and the maximum risk exposure equals the carrying amount of these instruments.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Various risks arising from financial instruments (Continued)

(1) Credit risk (Continued)

Since the Company only trades with recognized and creditworthy companies, no collateral is required. Credit risk concentration is managed by customer, geographical region and industry. As the Company's customer base for trade receivables is widely dispersed across different industries, there is no significant concentration of credit risk within the Company. The Company does not hold any collateral or other credit enhancements over the balances of trade receivables.

(2) Liquidity risk

The Company manages the risk of fund shortages using a recurring liquidity planning tool. This tool takes into account both the maturity dates of its financial instruments and the estimated cash flows generated from the Company's operations.

The Company's objective is to maintain a balance between continuity and flexibility of funding through the use of various financing methods, such as bank borrowings and notes payables.

(3) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk primarily includes foreign exchange risk, etc. The Company is exposed to transactional foreign exchange risk. Such risk arises from the relatively high sales revenue generated by the Company in currencies other than RMB, whereas materials are mainly procured domestically and settled in RMB, resulting in a relatively large balance of foreign currency assets.

The Company utilizes forward foreign exchange contracts and reasonably arranges foreign currency borrowings to offset part of the foreign exchange risk.

2. Hedging

(1) The Company conducts hedging business for risk management

☐ Applicable ☑ Not applicable

(2) The Company conducts eligible hedging business and applies hedge accounting

☐ Applicable ☑ Not applicable

Other explanations

(3) The Company conducts hedging business for risk management and expects to achieve risk management objectives, but does not apply hedge accounting

☐ Applicable ☑ Not applicable

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Financial assets

(1) Classification by transfer method

☐ Applicable ☑ Not applicable

(2) Financial assets derecognized due to transfer

☐ Applicable ☑ Not applicable

(3) Transferred financial assets with continuing involvement

☐ Applicable ☑ Not applicable

Other explanations

XIII. FAIR VALUE DISCLOSURES

1. Closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	–	–	–	–
(i) Financial assets held for trading	1,398,144,461.20	13,941,150,000.00		15,339,294,461.20
(iii) Other equity instrument investments	3,168,655,557.84		171,011,578.91	3,339,667,136.75
Total assets measured at fair value on a recurring basis	4,649,790,582.10	13,941,150,000.00	171,011,578.91	18,761,952,161.01
Derivative financial liabilities	1,852,000.00			1,852,000.00
(viii) Financing receivables	82,990,563.06			82,990,563.06
Total liabilities measured at fair value on a recurring basis	1,852,000.00			1,852,000.00
II. Non-recurring fair value measurement	–	–	–	–

2. Basis for determining the market price of recurring and non-recurring Level 1 fair value measurement items

3. Valuation techniques and qualitative and quantitative information of important parameters adopted for recurring and non-recurring Level 2 fair value measurement items

4. Valuation techniques and qualitative and quantitative information of important parameters adopted for recurring and non-recurring Level 3 fair value measurement items

Item	Closing fair value	Valuation technique	Unobservable inputs	Range (weighted average)
Zhuhai ACCESS Semiconductor Co., Ltd. (珠海越亞半導體股份有限公司)	171,011,578.91	Comparable listed company method	Discount for lack of marketability Control premium	28.90%

XIII. FAIR VALUE DISCLOSURES (Continued)

5. Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for recurring Level 3 fair value measurement items

6. For recurring fair value measurement items, where transfers between levels occurred during the current period, the reasons for such transfers and the policy for determining the timing of transfers

7. Changes in valuation techniques occurring during the current period and reasons for such changes

8. Fair value of financial assets and financial liabilities not measured at fair value

9. Others

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent company of the enterprise

Unit: RMB

Name of parent company	Place of registration	Business nature	Registered capital	Shareholding percentage of the parent company in the enterprise	Voting rights percentage of the parent company in the enterprise
Shenzhen Shenghua Xinye Investment Co., Ltd. (深圳市勝華欣業投資有限公司)	Shenzhen	Trading	500,000	13.72%	13.72%

Explanation of the parent company of the enterprise

As of June 30, 2026, the controlling shareholder of the Company was Shenzhen Shenghua Xinye Investment Co., Ltd., which held 13.72% of the shares of the Company. Victory Giant Technology Group (Hong Kong) Limited held 13.37% of the shares of the Company. Mr. Chen Tao holds a 90% equity interest in Shenzhen Shenghua Xinye Investment Co., Ltd. and also holds a 70% equity interest in Victory Giant Technology Group (Hong Kong) Limited. Mr. Chen Tao holds a total of 21.71% of the shares of the Company through the aforementioned two companies and is the ultimate controller of the Company.

The ultimate controlling party of the enterprise is Chen Tao.

Other explanations:

2. Information on subsidiaries of the enterprise

For details of the subsidiaries of the enterprise, please refer to Note "X. Interests in Other Entities".

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Information on joint ventures and associates of the enterprise

For details of significant joint ventures or associates of the enterprise, please refer to the Notes.

Information on other joint ventures or associates that had related party transactions with the Company during the current period, or those had balances resulting from related party transactions with the Company in prior periods, is as follows:

☐ Applicable ☑ Not applicable

Other explanations

4. Information on other related parties

☐ Applicable ☑ Not applicable

Other explanations

5. Information on related party transactions

(1) Related party transactions on purchase and sales of goods, and rendering and receipt of services

Statement of purchasing goods/receiving services

Unit: RMB

Related party	Subjects of related party transactions	Amount for the current period	Approved transaction cap	Whether the transaction cap is exceeded	Amount for the prior period
Gansu Xinglongshang Liquor Co., Ltd. (甘肅興隴上酒業有限公司)	Purchase of goods		5,000,000.00	No	

Statement of selling goods/rendering services

☐ Applicable ☑ Not applicable

Explanation of related party transactions of purchasing and selling goods, and rendering and receiving services

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Information on related party transactions (Continued)

(2) Information on related entrusted management/contracting and entrusted management/outsourcing

Statement on entrusted management/contracting by the Company:

☐ Applicable ☑ Not applicable

Explanation of related custody/contracting

Statement on entrusted management/outsourcing by the Company:

☐ Applicable ☑ Not applicable

Explanation of related management/outsourcing

(3) Information on related leases

The Company as lessor:

☐ Applicable ☑ Not applicable

The Company as lessee:

☐ Applicable ☑ Not applicable

Explanation of related leases

(4) Information on related guarantees

The Company as guarantor

☐ Applicable ☑ Not applicable

The Company as party guaranteed

☐ Applicable ☑ Not applicable

Explanation of related guarantee

(5) Fund borrowings from/lending to related parties

☐ Applicable ☑ Not applicable

(6) Asset transfer and debt restructuring of related parties

☐ Applicable ☑ Not applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Information on related party transactions (Continued)

(7) Remuneration of key management personnel

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration of the Directors, supervisors and senior management	**8,864,782.00**	8,367,864.89

(8) Other related party transactions

6. Receivables and payables of related parties

(1) Receivables

☐ Applicable ☑ Not applicable

(2) Payables

☐ Applicable ☑ Not applicable

7. Commitments of related parties

8. Others

XV. SHARE-BASED PAYMENTS

1. General information of share-based payments

☐ Applicable ☑ Not applicable

Outstanding share options or other equity instruments at the end of the period

☐ Applicable ☑ Not applicable

Other explanations

XV. SHARE-BASED PAYMENTS (Continued)

2. Equity-settled share-based payment

☑ Applicable ☐ Not applicable

Unit: RMB

Method for determining the fair value of equity instruments at the grant date	Type II restricted Shares
Important parameters for determining the fair value of equity instruments at the grant date	For details, please refer to the Company's announcement No. 2022 – 076
Basis for determining the number of exercisable equity instruments	Estimated based on subsequent information such as the latest changes in the number of exercisable employees
Reasons for significant differences between estimates of the current period and the prior period	None
Cumulative amount of equity-settled share-based payments included in capital reserve	370,196,657.86
Total expenses recognized for equity-settled share-based payments in the current period	0.00

Other explanations

3. Cash-settled share-based payments

☐ Applicable ☑ Not applicable

4. Share-based payment expenses for the current period

☐ Applicable ☑ Not applicable

Other explanations

5. Modification and cancelation of share-based payment

6. Others

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant commitments at the balance sheet date

XVI. COMMITMENTS AND CONTINGENCIES (Continued)

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

(2) If the Company has no significant contingencies requiring disclosure, an explanation shall also be provided

The Company has no significant contingencies requiring disclosure.

3. Others

XVII. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant events not subject to adjustment

☐ Applicable ☑ Not applicable

2. Profit distribution

3. Sales returns

4. Explanation of other events occurring after the balance sheet date

XVIII. OTHER SIGNIFICANT EVENTS

1. Correction of accounting errors in prior periods

(1) Retrospective restatement method

☐ Applicable ☑ Not applicable

(2) Prospective application method

☐ Applicable ☑ Not applicable

2. Debt restructuring

3. Asset exchange

(1) Exchange of non-monetary assets

(2) Other asset exchange

4. Annuity scheme

XVIII. OTHER SIGNIFICANT EVENTS2. DEBT RESTRUCTURING (Continued)

5. Discontinued operations

☐ Applicable ☑ Not applicable

Other explanations

6. Segment information

(1) Basis for determining reportable segments and accounting policies

(2) Financial information of reporting segments

☐ Applicable ☑ Not applicable

(3) If the Company has no reportable segments or cannot disclose total assets and total liabilities for each reportable segment, the reasons shall be explained.

(4) Other Explanations

7. Other significant transactions and events affecting investors' decisions

8. Others

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Disclosed by ageing

Unit: RMB

Aging	Closing carrying balance	Opening carrying balance
Within 1 year (inclusive of 1 year)	7,672,417,923.81	5,874,416,188.44
1 to 2 years	117,232.07	1,823,022.82
2 to 3 years	174,629.38	84,599.50
Over 3 years	13,096.00	1,838,216.42
3 to 4 years	13,096.00	1,838,216.42
Total	7,672,722,881.26	5,878,162,027.18

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

(2) Disclosed by classification of bad debt provision methods

Unit: RMB

	Closing balance					Opening balance				
	Carrying balance		Bad debt provision			Carrying balance		Bad debt provision		
Category	Amount	Ratio	Amount	Provision percentage	Carrying amount	Amount	Ratio	Amount	Provision percentage	Carrying amount
Including:										
Trade receivables with bad debt provision assessed on a portfolio basis	7,672,722,881.26	100.00%	55,268,824.62	0.72%	7,617,454,056.64	5,878,162,027.18	100.00%	46,497,676.42	0.79%	5,831,664,350.76
Including:										
1. Ageing portfolio	5,515,368,827.03	71.88%	55,268,824.62	1.00%	5,460,100,002.41	4,412,095,969.31	75.06%	46,497,676.42	1.05%	4,365,598,292.89
2. Portfolio of related parties within the scope of consolidation	2,157,354,054.23	28.12%	0.00	0.00%	2,157,354,054.23	1,466,066,057.87	24.94%	0.00	0.00%	1,466,066,057.87
Total	7,672,722,881.26	100.00%	55,268,824.62	0.72%	7,617,454,056.64	5,878,162,027.18	100.00%	46,497,676.42	0.79%	5,831,664,350.76

Name of category for bad debt provision assessed on a portfolio basis: Bad debt provision assessed on a portfolio basis

Unit: RMB

	Closing balance		
Name	Carrying balance	Bad debt provision	Provision proportion
Similar risk portfolio	5,515,368,827.03	55,268,824.62	1.00%
Consolidated related parties	2,157,354,054.23	0.00	
Total	7,672,722,881.26	55,268,824.62	

Explanation of the basis for determining the portfolio:

No provision for bad debts is made for related parties.

If bad debt provision for trade receivables is made according to the general model of expected credit losses:

☐ Applicable ☑ Not applicable

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

(3) Bad debt provision accrued, recovered or reversed in the current period

Bad debt provision accrued in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision on a portfolio basis	46,497,676.42	8,771,148.20				55,268,824.62
Total	46,497,676.42	8,771,148.20				55,268,824.62

Significant recovery or reversal of bad debt provision in the current period:

☐ Applicable ☑ Not applicable

(4) Trade receivables actually written off in the current period

☐ Applicable ☑ Not applicable

Significant write-offs of trade receivables:

☐ Applicable ☑ Not applicable

Explanation of trade receivables write-off:

(5) Trade receivables and contract assets categorized by top five ending balances of debtors

Unit: RMB

Name of entity	Closing balance of trade receivables	Closing balance of contract assets	Closing balance of trade receivables and contract assets	Proportion to total closing balance of trade receivables and contract assets	Closing balance of bad debt provision for trade receivables and impairment provision for contract assets
First	2,146,705,994.61	0.00	2,146,705,994.61	27.98%	
Second	1,615,608,262.87	0.00	1,615,608,262.87	21.06%	16,156,082.63
Third	664,882,445.97	0.00	664,882,445.97	8.67%	6,648,824.46
Fourth	367,681,884.46	0.00	367,681,884.46	4.79%	3,676,818.84
Fifth	313,075,803.03	0.00	313,075,803.03	4.08%	3,130,758.03
Total	5,107,954,390.94	0.00	5,107,954,390.94	66.58%	29,612,483.96

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	**706,659,814.23**	806,021,379.30
Total	**706,659,814.23**	806,021,379.30

(1) Interest receivable

1) *Classification of interest receivable*

☐ Applicable ☑ Not applicable

2) *Significant overdue interest*

☐ Applicable ☑ Not applicable

Other explanations:

3) *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not applicable

4) *Bad debt provision accrued, recovered or reversed in the current period*

☐ Applicable ☑ Not applicable

Significant recovery or reversal of bad debt provision in the current period:

☐ Applicable ☑ Not applicable

Other explanations:

5) *Interest receivable actually written off in the current period*

☐ Applicable ☑ Not applicable

Significant write-offs of interest receivable:

☐ Applicable ☑ Not applicable

Explanation on write-off:

Other explanations:

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) Dividends receivable

1) *Classification of dividends receivable*

☐ Applicable ☑ Not applicable

2) *Significant dividends receivable with aging more than one year*

☐ Applicable ☑ Not applicable

3) *Disclosure by the method of provision for bad debts*

☐ Applicable ☑ Not applicable

4) *Bad debt provision accrued, recovered or reversed in the current period*

☐ Applicable ☑ Not applicable

Significant recovery or reversal of bad debt provision in the current period:

☐ Applicable ☑ Not applicable

Other explanations:

5) *Dividends receivable actually written off in the current period*

☐ Applicable ☑ Not applicable

Significant accrued dividends write-off situations

☐ Applicable ☑ Not applicable

Explanation on write-off:

Other explanations:

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Closing carrying balance	Opening carrying balance
Internal current accounts	**433,954,425.79**	492,000,618.90
Export tax refund receivables	**240,488,289.85**	301,167,397.93
Deposits	**18,601,347.91**	16,726,061.85
Withheld payments	**16,015,125.19**	12,106,795.50
Petty cash for employees	**3,104,027.13**	1,330,999.87
Others	**9,325,765.68**	4,510,267.94
Total	**721,488,981.55**	827,842,141.99

2) Disclosed by aging

Unit: RMB

Aging	Closing carrying balance	Opening carrying balance
Within 1 year (inclusive of 1 year)	**626,627,744.37**	746,201,163.03
1 to 2 years	**54,805,263.78**	29,973,983.26
2 to 3 years	**39,931,505.10**	46,793,527.40
Over 3 years	**124,468.30**	4,873,468.30
3 to 4 years	**4,800.00**	510,800.00
4 to 5 years	**8,811.91**	1,012,878.30
Over 5 years	**110,856.39**	3,349,790.00
Total	**721,488,981.55**	827,842,141.99

3) Disclosed by classification of bad debt provision methods

Unit: RMB

	Closing balance					Opening balance				
	Carrying balance		Bad debt provision			Carrying balance		Bad debt provision		
Category	Amount	Ratio	Amount	Provision percentage	Carrying amount	Amount	Ratio	Amount	Provision percentage	Carrying amount
Including:										
Bad debt provision assessed on a portfolio basis	**721,488,981.55**	**100.00%**	**14,829,167.32**	**2.06%**	**706,659,814.23**	827,842,141.99	100.00%	21,820,762.69	2.64%	806,021,379.30
Including:										
Similar risk portfolio	**287,534,555.76**	**39.85%**	**14,829,167.32**	**5.16%**	**272,705,388.44**	335,841,523.09	40.57%	21,820,762.69	6.50%	314,020,760.40
Low risk portfolio	**433,954,425.79**	**60.15%**	**0.00**	**0.00%**	**433,954,425.79**	492,000,618.90	59.43%	0.00	0.00%	492,000,618.90
Total	**721,488,981.55**	**100.00%**	**14,829,167.32**	**2.06%**	**706,659,814.23**	827,842,141.99	100.00%	21,820,762.69	2.64%	806,021,379.30

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(3) Other receivables (Continued)

3) Disclosed by classification of bad debt provision methods (Continued)

Name of category for bad debt provision assessed on a portfolio basis: Bad debt provision assessed on a portfolio basis

Unit: RMB

Name	Closing balance Carrying balance	Bad debt provision	Provision proportion
Similar risk portfolio	287,534,555.76	14,829,167.32	5.16%
Low risk portfolio	433,954,425.79	0.00	
Total	721,488,981.55	14,829,167.32	

Explanation of the basis for determining the portfolio:

Bad debt provision assessed under the general model of expected credit losses:

Unit: RMB

Bad debt provision	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as at January 1, 2026	21,820,762.69			21,820,762.69
Balance at January 1, 2026 in the current period				
Reversal for the current period	6,991,595.37			6,991,595.37
Balance as at June 30, 2026	14,829,167.32			14,829,167.32

Basis of division into stages and bad debt provision proportion

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(3) Other receivables (Continued)

3) Disclosed by classification of bad debt provision methods (Continued)

Changes in carrying balances with significant changes in loss allowance in the current period

☑ Applicable ☐ Not applicable

Carrying balance	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as at the end of the prior year	827,842,141.99			827,842,141.99
Balance at the end of the prior year in the current period				0.00
– Transfer to Stage 2				0.00
– Transfer to Stage 3				0.00
– Transfer back to Stage 2				0.00
– Reversal back to Stage 1				0.00
Addition during the period				0.00
Derecognition during the period	106,353,160.44			106,353,160.44
Other changes				0.00
Closing balance	721,488,981.55			721,488,981.55

4) Bad debt provision accrued, recovered or reversed in the current period

Bad debt provision accrued in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period: Provision	Recovery or reversal	Transfer or write-off	Others	Closing balance
Provision on a portfolio basis	21,820,762.69		2,385,045.37		-4,606,550.00	14,829,167.32
Total	21,820,762.69		2,385,045.37		-4,606,550.00	14,829,167.32

Significant recovery or reversal of bad debt provision in the current period:

☐ Applicable ☑ Not applicable

5) Other receivables actually written off in the current period

☐ Applicable ☑ Not applicable

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(3) Other receivables (Continued)

5) Other receivables actually written off in the current period (Continued)

Significant write-offs of other receivables:

☐ Applicable ☑ Not applicable

Explanation of other receivables write-off:

6) Top five closing balances of other receivables categorized by debtors

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
First	Export tax refund receivables	240,488,289.85	Within 1 year	33.33%	12,024,414.49
Second	Internal current accounts	218,644,873.98	Within 2 years	30.30%	0.00
Third	Internal current accounts	143,222,480.72	Within 3 years	19.85%	0.00
Fourth	Internal current accounts	67,502,431.65	Within 1 year	9.36%	0.00
Fifth	Deposits	10,000,000.00	Within 1 year	1.39%	500,000.00
Total		679,858,076.20		94.23%	12,524,414.49

7) Other receivables presented due to centralized fund management

Unit: RMB

Other explanations:

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment allowance	Carrying amount	Carrying balance	Impairment allowance	Carrying amount
Investments in subsidiaries	4,858,031,015.91		4,858,031,015.91	4,858,031,015.91		4,858,031,015.91
Total	4,858,031,015.91		4,858,031,015.91	4,858,031,015.91		4,858,031,015.91

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of provision for impairment	Increase/decrease during the current period: Increase in investment	Decrease in investments	Provision for impairment accrued	Others	Closing balance (Carrying amount)	Closing balance of impairment provision
Shenghua Electronics (Huiyang) Co., ltd (勝華電子(惠陽)有限公司)	68,957,696.06						68,957,696.06	
Hongxing International Technology Limited (宏興國際科技有限公司)	315,730.00						315,730.00	
Shenzhen Shenghong Electronics Co., Ltd.* (深圳市勝宏電子有限公司)	100,000,000.00						100,000,000.00	
Huizhou Victory Giant Technology Research Institute Co., Ltd. (惠州市勝宏科技研究院有限公司)	19,000,000.00						19,000,000.00	
Ningbo Kefa Fuding Venture Capital Partnership Enterprise (Limited Partnership) (寧波科發富鼎創業投資合夥企業(有限合夥))	118,487,751.34						118,487,751.34	
Pole Star Limited	2,876,704,236.67						2,876,704,236.67	
VICTORY GIANT TECHNOLOGY (SINGAPORE) PTE. LTD.	1,674,565,601.84						1,674,565,601.84	
Total	4,858,031,015.91						4,858,031,015.91	

(2) Investment in associates and joint ventures

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on the fair value less costs of disposal

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

☐ Applicable ☑ Not applicable

Reasons for significant discrepancy between the aforesaid information and the information used in impairment tests in prior years or external information

Reasons for significant discrepancy between the information used by the Company in impairment tests in prior years and the actual circumstances in the current year

(3) Other explanations

XIX. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Operating income and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	9,385,304,912.21	6,737,911,494.03	7,301,253,636.92	4,927,256,687.96
Other businesses	676,811,162.80	45,741,024.92	425,071,921.37	32,044,302.01
Total	10,062,116,075.01	6,783,652,518.95	7,726,325,558.29	4,959,300,989.97

Disaggregated information of operating income and operating cost:

☐ Applicable ☑ Not applicable

Information related to performance obligations:

☐ Applicable ☑ Not applicable

Other explanations

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted for but not yet performed or not yet completed at the end of the Period under Review is RMB0.00, of which RMB0.00 is expected to be recognized as revenue in year 0, RMB0.00 is expected to be recognized as revenue in year 0, and RMB0.00 is expected to be recognized as revenue in year 0.

Significant contract modifications or significant transaction price adjustments

☐ Applicable ☑ Not applicable

Other explanations:

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Income from wealth management products	**597,732.88**	
Other investment income	**2,837,333.34**	52,180.00
Total	**3,435,066.22**	52,180.00

6. Others

XX. SUPPLEMENTARY INFORMATION

1. Detailed statement of non-recurring profit or loss for the current period

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Gains or losses on disposal of non-current assets	-64,533,199.50	
Government grants recognized in profit or loss for the current period (except for government grants closely related to the normal operating business of the Company, in compliance with national policies, granted in accordance with determined standards, and having a continuous impact on the Company's profit or loss)	14,262,883.84	
Except for effective hedging businesses related to the normal operating business of the Company, gains or losses on changes in fair value arising from the holding of financial assets and financial liabilities by non-financial enterprises, and gains or losses arising from the disposal of financial assets and financial liabilities	587,855,102.17	
Gains or losses from entrusting others to invest or manage assets	3,435,066.22	
Other non-operating income and expenses other than the above items	-17,882,743.46	
Less: Impact of income tax	84,158,656.10	
Total	438,978,453.17	–

Specific circumstances of other profit or loss items conforming to the definition of non-recurring profit or loss:

☐ Applicable ☑ Not applicable

The Company does not have any specific circumstances of other profit or loss items conforming to the definition of non-recurring profit or loss.

Explanation on defining the non-recurring profit or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit or Loss as recurring profit or loss items

☐ Applicable ☑ Not applicable

XX. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share

Profit for the Period under Review	Weighted average return on net assets	Earnings per share Basic earnings per share (RMB/share)	Earnings per share Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	11.80%	3.14	3.14
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	9.98%	2.66	2.66

3. Differences in accounting data under domestic and overseas accounting standards

(1) Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and Chinese Accounting Standards simultaneously

☐ Applicable ☑ Not applicable

(2) Differences in net profit and net assets between financial reports disclosed in accordance with overseas accounting standards and Chinese Accounting Standards simultaneously

☐ Applicable ☑ Not applicable

(3) Explanation of reasons for differences in accounting data under domestic and overseas accounting standards, and where data audited by an overseas audit institution has been adjusted for differences, the name of such overseas audit institution shall be specified

☐ Applicable ☑ Not applicable

4. Others